

**Consumer Justification Narrative**  
**BlueCross BlueShield of North Dakota**  
**Rate Changes effective 1/1/2025 for Individual Qualified Health Plans**

Summary

This document is intended to provide notice and justification to consumers for rate increases applicable to Individual Qualified Health Plans (QHPs) effective 1/1/2025.

Scope of Rate Increases

Beginning 1/1/2025, and dependent on specific plan elections, members currently enrolled in BCBSND Individual QHP's will receive an adjustment to premiums exceeding 15% annually and requiring consumer disclosure. The average increase across all plans is 16.0%, but specific premium adjustments will vary by age, tobacco usage status and specific plan selections. This adjustment will affect approximately 31,000 members.

Financial Experience

For policy year 2023, premiums received are expected to be approximately sufficient to cover claims paid, administrative costs, commissions, taxes, and fees. The rate adjustment effective January 1, 2025, is intended to cover future changes in medical/pharmacy expenses, administrative costs, taxes and fees, and profit/risk margin.

Under Medical Loss Ratio (MLR) requirements, the ACA requires Individual products to pay at least 80 cents of every premium dollar (after taxes and fees) toward medical/pharmacy claims and other qualified expenses. BCBSND significantly exceeds this requirement, expecting to pay approximately 89% of net premium dollars for 2025 Individual QHP's towards qualified MLR expenses. If, in 2025, paid claims are significantly less than anticipated, rebates will be paid to Individual QHP members.

Changes in Medical/Pharmacy Costs and Administrative Expenses

BCBSND is expecting notable increases to Medical/Pharmacy expenditures and other cost drivers in 2025 due to the following factors:

- Increased reimbursement to physicians & hospital systems that provide care to members
- Growing utilization and unit cost of pharmaceuticals, especially specialty drugs
- Changing cost-shares such as deductibles and copayments
- Additional covered benefits such as weight-management drugs
- Increased administrative expenses to related to paying claims, collecting premiums, providing care management services, and improving technology and member tools

Moving forward, BCBSND continues to work to reduce medical/pharmacy inflation through collaborative initiatives, such as innovative BlueAlliance partnerships with providers, consumer education and wellness programs for our members.