

June 23, 2025

**Part II: Justification for proposed rate increase
Security Health Plan of Wisconsin, Inc.
Security Health Plan Individual
Effective January 1, 2026**

1. SCOPE AND RANGE OF RATE INCREASE

Security Health Plan of Wisconsin, Inc. (SHP) has requested an average rate increase of 24.33% on its Individual Select product, 23.87% on its Individual SimplyOne product, 26.84% on its Individual Enrich product, and an average rate increase of 25.45% on its Individual Premier product with effective dates of January 1, 2026. Rate increases vary by plan and geographic region, ranging from 9.77% to 36.86%. As of March 2025 there are approximately 25,987 individual members on these plans. Most of the members are eligible for a premium subsidy and may not experience a post-subsidy rate change within this range.

2. FINANCIAL EXPERIENCE

SHP anticipates a loss ratio of 92.1% on its Individual ACA block of business. This projected loss ratio meets the minimum loss ratio requirement of 80% as defined by the ACA.

3. CHANGES IN MEDICAL SERVICE COSTS AND TREND ASSUMPTIONS

Annual Trend of 9.74% was used to project claims from the experience period to the projection period. These trends were estimated based on data from SHP and industry knowledge.

4. CHANGES IN BENEFITS

Deductible levels and other member cost-sharing provisions have been changed for some plans in order to maintain compliance with the federal 2026 Revised Actuarial Value Calculator.

5. ADMINISTRATIVE COSTS AND ANTICIPATED PROFITS

The main drivers of administrative expenses are employee salaries and benefits, broker and agent commissions, and various government taxes and fees. SHP strives to lower our administrative expenses as a percent of premium.