

Consumer Justification Narrative

BlueCross BlueShield of South Carolina Rate Change (effective 1/1/2025) for Business BlueEssentials Small Group Health Plans

Scope and range of the rate increase:

Depending on the plan selected, approximately 27,000 members currently enrolled in a Small Group health plan will see an adjustment to premiums effective at renewal beginning January 1st, 2025.

Financial experience of the product:

During 2023, premiums received have likely been 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 costs. If, in 2025, paid claims are significantly less than anticipated, rebates will be paid to Small Group members.

Changes in medical service costs:

BlueCross BlueShield of South Carolina will likely pay more claims in 2025 for the following reasons:

- Hospitals and doctors charging more for services.
- More individuals seeking treatment.
- Higher drug costs.
- Future uncertainty in the insurance industry.

Changes in benefits:

Changes to deductibles, copayments, and out-of-pocket maximums on some plans were implemented to comply with updated regulations set forth in the 2025 Notice of Benefit and Payment Parameters as well as IRS guidelines for HSA-qualified High Deductible Health plans.

Administrative costs and anticipated margins:

Administrative costs were set based on internal corporate estimates of normal operating costs. Federally required fees also apply.

BlueCross BlueShield of South Carolina is working hard to find ways to lower these costs through intensive review of current practices.