

EXHIBIT 13b: NARRATIVE SUMMARY

Company Name:	Independent Health Benefits Corporation
NAIC Code:	47034
SERFF Tracking #:	NDPD-134084832
Market Segment:	Individual

Summary

Independent Health Benefits Corporation (IHBC) is requesting a premium rate change for its community-rated Individual Market products effective January 1, 2025. As described in more detail below, IHBC is seeking an overall rate change of 27.7% in 2025, primarily due to increased costs due to inflation and changes in risk adjustment.

These proposed rate adjustments will be submitted to the New York State Department of Financial Services on or about May 15, 2025. You will be notified of the final approved premium adjustment at least 60 days prior to your effective date of renewal.

Based on membership as of March 2024, 8,253 policyholders and 11,493 members may be affected by this proposed rate adjustment.

Claim Expense Trends

Premium rates tend to rise each year because of the normal inflation of healthcare claim costs. Moreover, in addition to cost increases, utilization of healthcare services also tends to rise as new technologies, services, and prescription drugs are introduced to the marketplace.

For 2025, IHBC is projecting an overall claim expense trend of 8.4%. All else being equal, this would require a corresponding premium rate increase to keep pace with costs. However, because of other factors, IHBC is requesting a rate change **higher** than the overall claim expense trend.

How Your Premium Dollars are Spent

In 2025, IHBC projects that approximately 83.5% of every premium dollar will be spent on paying claim expenses. This is above the statutory minimum requirement of 82.0%. The remainder of each premium dollar will be used to cover ACA fees, administrative expenses, and contribution to margin:

(1) ACA Taxes & Fees. The provision included in the 2025 premium rates is as follows:

- Risk Adjustment User Fee: \$0.20 Per Member, Per Month
- PCORI Fee: \$0.27 Per Member, Per Month

- For example, if a member is enrolled in a plan for the entire year, then IHBC is required to pay the following amounts:
 - Risk Adjustment User Fee = \$2.16 (\$0.18 per month for 12 months)
 - PCORI Fee = \$3.21 (\$0.27 per month for 12 months)
- How the ACA Taxes & Fees changed from last year:
 - The Risk Adjustment User Fee decreased by \$0.03 Per Member, Per Month from what was included in the 2024 premium
 - The PCORI Fee increased by \$0.02 Per Member, Per Month from what was included in the 2024 premium

(2) Administrative Expenses. In 2025 approximately 13.5% of every premium dollar will be spent on administrative expenses, which cover (among other things) activities such as customer service and claims processing and payment. State-mandated assessments used to fund the operations of the Department of Financial Services (DFS), which regulates insurance carriers in New York State, as well as the New York State Department of Health, which oversees the health plan marketplace, are also included as part of administrative expenses.

(3) Contribution to Reserves. All insurance carriers in New York must maintain sufficient cash reserves necessary to meet solvency requirements. In 2025, approximately 3% of each premium dollar will be earmarked for contribution to these “rainy day” funds.

Risk Adjustment

The ACA introduced several provisions, commonly referred to as the “3Rs” (reinsurance, risk adjustment, and risk corridors), designed to help level the playing field among insurers and promote competition based on quality and efficiency. Under the risk adjustment provision, insurance carriers which cover a population that is less risky than the overall insured population in their region must pay a certain portion of their premium receipts into a fund, from which carriers that cover higher-risk populations receive disbursements. IHBC received money from this fund for years 2014 through 2022 for the Individual Market, however, these amounts have been declining each year. For 2025, IHBC expects to receive approximately 1% of the revenue required for the Individual Market from this fund. Without these funds, the overall rate change would have been about 29%.