

NARRATIVE SUMMARY

Company: Independent Health Association Inc.

NAIC Code: 95308

SERFF Tracking #: NDPD-134525166

Summary

Independent Health Association (IHA) is seeking premium rate adjustments for its Large Group HMO base medical products and riders.

The proposed average base medical rate adjustment is 15.8%, with the lowest rate adjustment being 12.2% and the highest rate adjustment being 14.0%.

The proposed average Rx rider rate adjustment is 24.0%, with the lowest rate adjustment being 17.3% and the highest rate adjustment being 24.4%.

The proposed average combined medical and Rx rate adjustment is 15.8%.

The combination of additional riders to a base medical product or Rx rider may result in a rate adjustment different than what is outlined above.

This rate adjustment will apply to all policyholders renewing on or after January 1, 2026 in the following products:

- Encompass A
- Encompass B
- Encompass C
- Encompass D
- FlexFit
- FlexFit Select
- Encompass Essential "E"
- Encompass Essential Base 2
- Encompass for NYSHIP with Rx
- Encompass for NYSHIP without Rx

All of these products and riders are community rated, which means that premium rates for the same coverage will vary only by the coverage tier (e.g. – Single, Family) and renewal quarter. The number of policyholders (subscribers) and members affected by the proposed premium adjustments are 11,225 and 25,680, respectively.

The key factors influencing IHA's request for this rate adjustment are discussed in more detail in each of the sections below.

Medical Expense Trends

Premium rates tend to rise each year because of normal inflation in health care claim costs. Additionally, tariffs on medical and pharmaceutical imports further inflate 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 2026, IHA is projecting an overall claim expense trend of 8.2%, excluding the impact of tariffs. However, other factors described more fully below also influence the final rate adjustment that IHA is requesting.

How Your Premium Dollars are Spent

In 2026, IHA projects that 85.2% of every premium dollar will be spent on paying claim expenses, which meets the statutory minimum requirement of 85%. The remainder of each premium dollar is used to cover administrative expenses and contributions to reserves:

- (1) Administrative Expenses. In 2026, approximately 13.8% of every premium dollar, on average, will be spent on administrative expenses, which cover activities such as customer service and claims processing and payment. Also included under administrative expenses are state-mandated assessments used to fund the operations of the Department of Financial Services, which regulates insurance carriers in New York State.
- (2) Contribution to Reserves. All insurance carriers in New York State must maintain sufficient cash reserves in order to meet solvency requirements. In 2026, 1% of each premium dollar will be earmarked for contribution to these “rainy day” funds.