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Summary

Blue Cross and Blue Shield of Kansas City (BCBSKC) is filing rates for individual plans in Missouri. The overall average premium increase for individual plans in 2025 is 9.91% compared to the 2024 individual rates. The changes for plans range from 4.3% to 20.3%. This does not include an additional small increase for attaining a new age. That is, an individual's premium rates will increase each year as they get older, even if the rates for their plan do not change. This small increase is not factored in to the average increases stated above.

In developing assumptions and setting rates for 2025, BCBSKC used data from its own claim experience, as well as information received from Wakely, a company which provides free services to aid insurance companies which provide coverage to individuals and small groups.

In 2023, the "experience period" used as a starting point for developing rates for 2024, BCBSKC experienced a medical loss ratio (MLR) of 83.7%. This means that 83.7% of premium and risk transfer received was spent on medical and drug claims. Our projected loss ratio for Affordable Care Act (ACA) individual plans in 2024 is 84.0%.

Scope and Range of the Rate Increase

The new 2025 rates will apply to any individual that first purchases or renews coverage for the year 2025. As of May 31, 2024, 3,334 members are enrolled in BCBSKC plans impacted by this rate filing. The average increase of 12.6% for the plans in question is an average.

Key Drivers Behind Rate Increase

Rates were not high enough to pay for medical claims, drug claims, and company expenses in 2023. Claims costs have risen much more than was originally expected. In 2024, rates were reduced slightly on average. Declining results in 2023 suggest a rate correction of 5.9% is needed. Other factors, such as how much and what things members pay for also had an impact on rates in 2025.

Changes in Medical Service Costs

- All else held equal, BCBSKC expects medical costs to go up 10.9% from 2024 to 2025, primarily due to members seeking services at a greater rate next year, and the continued increase in the cost of those services.
- BCBSKC also expects the average health status of members covered by ACA individual plans to be slightly more healthy in 2025, resulting in a separate 2.7% decrease in medical costs.
- Changes in federal taxes and fees are also expected to decrease rates by 0.8% in 2025.

Other Factors

- Administrative expenses are expected to make up 14.6% of premium in 2025, which is lower than the 15.4% assumed for 2024.
- In addition to the above, changes to the benefits of some plans, and how many people are expected to enroll in each plan and network resulted in an increase of 0.6% to rates in 2024.