

## Consumer Justification Narrative

BlueCross BlueShield of South Carolina  
Rate Change (effective 1/1/2023) for BlueEssentials,  
BlueExclusive and BlueExtend Individual Health Plans

### **Scope and range of the rate increase:**

Depending on the plan selected, approximately 227,000 members currently enrolled in a BlueEssentials, BlueExclusive or BlueExtend Individual health plan will see an adjustment to premiums effective January 1<sup>st</sup>, 2023.

### **Financial experience of the product:**

During 2021, premiums received have likely been sufficient to cover claims paid, administrative costs, commissions, taxes, and fees. The rate adjustment effective January 1, 2023 is intended to cover future changes in medical costs. If, in 2023, paid claims are significantly less than anticipated, rebates will be paid to BlueEssentials, BlueExclusive, BlueExtend and Blue VirtuConnect members.

### **Changes in medical service costs:**

BlueCross BlueShield of South Carolina will likely pay more claims in 2023 for the following reasons:

- Hospitals and doctors charging more for services.
- More individuals seeking treatment.
- Higher drug costs.
- Future uncertainty in the insurance industry due to COVID-19.

### **Changes in benefits:**

Changes to deductibles, copayments, and out-of-pocket maximums to some BlueEssentials, BlueExclusive and BlueExtend products were implemented to limit the amount of the necessary rate change without sacrificing coverage.

**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 intense review of current practices.