



2026 SHBP Rate Setting Analysis

State of New Jersey

July 9, 2025



Today's Discussion

Meeting Objectives

- Overview of the Rate Setting Analysis and results
- Provide summary of State rating assumptions and active cost drivers
- Provide summary of Local Government rating assumptions and active cost drivers
- Provide summary of Dental results

1

**Rate Setting
Analysis Overview**

2

State Results

3

**Local Government
Results**

4

Dental Results

5

Appendix

1

Overview

Overview of SHBP Recommended 2026 Premium Rate Impact

State Group

Plan Year 2026	Actives			Early Retirees			Medicare Retirees		
Premium Rate Changes	Medical	Rx	Total	Medical	Rx	Total	Medical	Rx	Total
State									
PPO / HDHP	21.6%	44.5%	25.8%	18.1%	34.7%	21.2%	N/A	N/A	N/A
HMO	21.6%	44.5%	25.9%	18.1%	34.7%	21.6%	N/A	N/A	N/A
Tiered Network	20.4%	42.2%	24.4%	18.1%	34.7%	21.6%	N/A	N/A	N/A
Unity PPO	12.8%	38.0%	17.3%	18.1%	34.7%	21.2%	N/A	N/A	N/A
Total	15.3%	39.8%	19.7%	18.1%	34.7%	21.3%	44.5%	23.1%	29.7%

- 2026 Active, Early Retiree, and Medicare Retiree pricing is projected with Medical and Prescription Drug claims incurred from January 1, 2024 through December 31, 2024 with runout through March 31, 2025.
- Medicare Retiree medical rate changes reflect both Aetna Medicare Advantage premium rate increases and self-insured medical plan increases. Medicare Retiree Medical increases are driven by large increases in the Fully Insured Aetna Medicare Advantage premium rates. Even with these increases, the Medicare Advantage plan medical premium rates are projected to be lower compared to the self-insured Medicare medical plan costs.

Overview of SHBP Recommended 2026 Premium Rate Impact

Local Government Group

Local Government Plan Year 2026 premium rates are set 15.4% higher than the projected medical and prescription drug costs for Actives, Early Retirees and Medicare Retirees to fund amounts due under Chapter 86 and build reserves:

- Chapter 86: The combined Active and Retiree Medical and Prescription Drug Claim Stabilization Reserve (CSR) balance is projected to be negative as of 12/31/2024. To address this shortfall, a transfer was authorized under Chapter 86 to cover emerging claims. The amount transferred is projected to total \$200 million as of 12/31/2025. 9.4% was added to 2026 premium rates to repay this amount. If there is significant future attrition from the plan, this repayment amount may not be achieved during 2026. For purposes of this analysis, the CSR is on an incurred basis and this does not represent cash available to pay monthly claims.
- Reserves: Since the \$200 million under Chapter 86 will not be added to the CSR and the CSR is projected to remain negative, an additional 6.0% margin was added to help build the CSR balance. Despite this margin, the projected CSR balances remain below the targeted 2.0 months of plan cost in Plan Year 2026, indicating that further margin adjustments may be warranted.
- Additional scenarios are included in the appendix for reference.

Plan Year 2026 Premium Rate Changes	Actives			Early Retirees			Medicare Retirees		
	Medical	Rx	Total	Medical	Rx	Total	Medical	Rx	Total
Local Government									
PPO / HDHP	32.8%	62.9%	36.9%	31.6%	53.0%	35.3%	N/A	N/A	N/A
HMO	30.7%	61.7%	35.2%	31.6%	53.0%	35.8%	N/A	N/A	N/A
Tiered Network	30.7%	57.9%	35.2%	31.6%	53.0%	35.8%	N/A	N/A	N/A
Total	32.7%	62.7%	36.9%	31.6%	53.0%	35.4%	48.7%	30.8%	37.2%

- 2026 Active, Early Retiree, and Medicare Retiree pricing is projected with Medical and Prescription Drug claims incurred from January 1, 2024 through December 31, 2024 with runout through March 31, 2025.
- Increases are driven by large increases in the Fully Insured Aetna Medicare Advantage premium rates. Even with these increases, the Medicare Advantage plan medical premium rates are projected to be lower compared to the self-insured Medicare medical plan costs.
- PPO2030 and PPO2035 premium rates were further adjusted to reflect higher emerging experience in those plans.

Active Plan Benchmarking

2025 Per Employee Per Year (PEPY) Plan Cost Comparison

Plan Year 2025	State Actives	Local Govt Actives	Aon HVI New Jersey Market
Medical Cost PEPY	\$21,670	\$26,700	N/A
Rx Cost PEPY	\$5,240	\$5,660	N/A
Total Cost PEPY	\$26,910	\$32,360	\$18,310
Average Age	47.1	45.9	43.4
Average Actuarial Value	97%	98%	90%

State and Local Government Active PEPY amounts are based on the latest PY2025 projections; Government PEPY amounts are normalized for the number of employees with drug coverage through the SHBP

New Jersey Market benchmarking is based on Aon's Health Value Initiative (HVI) database for 2025 (190,000 subscribers)

Historical Trend Comparison

	Milliman HTG (New Jersey)		State Actives		Local Govt Actives	
	Medical	Rx	Medical PPO	Rx	Medical PPO	Rx
2023-2024	8.9%	15.0%	10.3%	19.8%	10.3%	21.1%
2022-2023	7.9%	12.8%	6.7%	21.4%	10.4%	23.3%
2021-2022	1.8%	7.7%	1.7%	13.9%	2.8%	13.7%
3 Yr CAGR 2021-2024	6.1%	11.8%	6.2%	18.3%	7.8%	19.3%

NJ trends are shown on an incurred basis, medical trends include medical claims and capitation amounts for the PPO plans and are normalized for the impact of plan design changes

The first chart shows State and Local Government Active total projected 2025 plan costs compared to Aon's HVI Benchmarking data for the New Jersey Market.

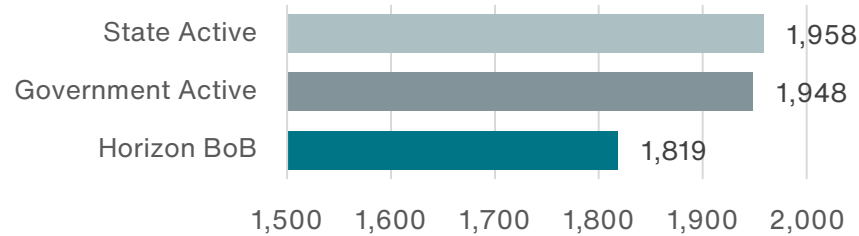
- State Active projected PEPY plan costs are 47% higher than the New Jersey Market benchmark.
- Local Government PEPY plan costs are 77% higher than the New Jersey Market benchmark.

The second chart shows the State and Local Government historical medical and Rx claims trend over the past 3 years compared to Milliman's Health Trend Guideline (HTG) report for the New Jersey market.

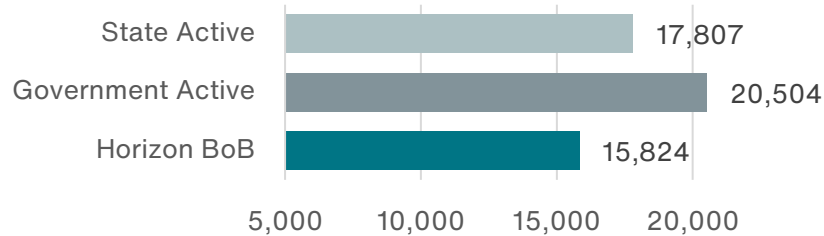
- While State Active medical trends the last 3 years are comparable to benchmark, recent experience is trending higher.
- Local Government Active medical trends are higher compared to both the Milliman benchmark and the State population, likely influenced by the impact of employers exiting the plan.
- Both State and Government Rx claims are trending much higher compared to the Milliman benchmark. Some employers in the benchmark may not cover GLP-1 drugs for weight loss.

Active Plan Benchmarking Cont.

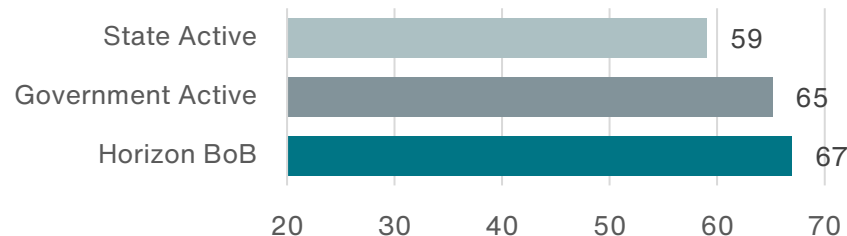
Outpatient Visits / 1,000 Members



Professional Visits / 1,000 Members



Inpatient Admits / 1,000 Members



Outpatient

- State Active outpatient utilization is 8% higher than Horizon's book of business. This is especially true for ambulatory OP (+28%), behavioral health (+98%), emergency room (+4%), and OP surgery (+10%).
- Government Active outpatient utilization is 7% higher than Horizon's book of business, which includes ambulatory OP (+22%), behavioral health (+89%), emergency room (+24%), and OP surgery (+17%).

Professional

- State Active professional utilization is almost 13% higher than Horizon's book of business, while Government Active professional utilization is almost 30% higher.
- Urgent care visits for State and Government actives were 42% and 110% higher than Horizon's book of business, respectively.
- Behavioral health visits for State and Government actives were 58% and 53% higher than Horizon's book of business, respectively.

Inpatient

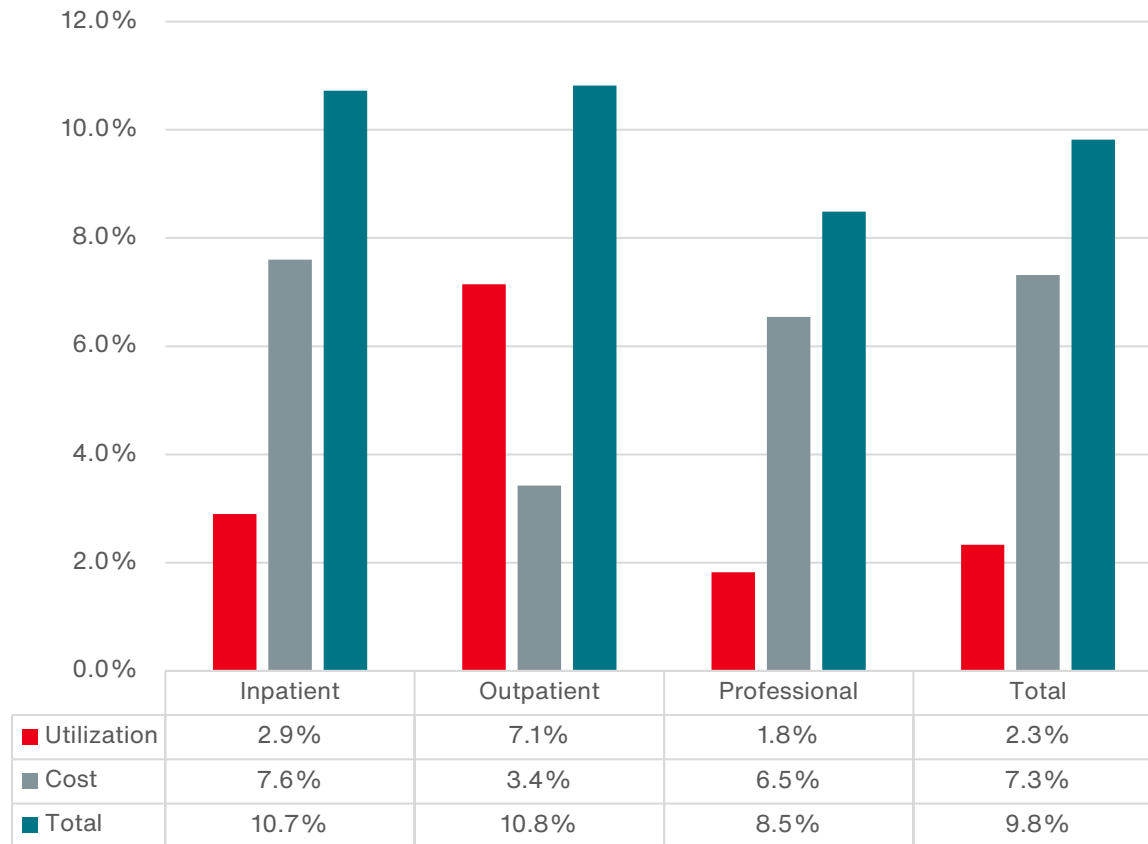
- State Active inpatient utilization is 12% lower than Horizon's book of business, while Government Active professional utilization is 3% lower.
- Both State and Government actives saw higher utilization of behavioral health services (+71% and +57%, respectively), and lower utilization of acute inpatient facility (-22% and -11%, respectively).

2

State Active Results

State Active Medical Claim Trends

State Actives
PY2024 Medical Trend Components



Medical claim drivers are based on Horizon reporting that reflects CY2024 incurred claims with 1 month runout; Cost per visit increases are comprised of both unit cost trends and mix of service changes

Impact of updated medical claims experience

- Horizon reported a 2024 Active medical claim trend of 9.8%, higher than the 7.0% trend assumption reflected in last year's rate setting analysis.
- Medical claim trends are largely driven by increased utilization across almost all OP service categories, including more expensive services such as OP Medical Pharmacy and OP Surgery:
 - Medical claims for outpatient services increased, with a total annual trend of 11%, including a 3% increase in the cost per visit, and a 7% increase in utilization. Outpatient utilization increased across almost all service categories, including a 12% increase in OP ambulatory, 7% increase in OP medical pharmacy, and a 9% increase in OP radiology.
- Overall, inpatient medical claims increased 11%, driven by an 8% increase in cost per visit and 3% increase in utilization.
- Professional claims increased 8%, driven by a 2% increase in utilization and 7% increase in cost per visit. Specialist physicians were the biggest driver of professional cost increases, with a 6% increase in the cost per visit.

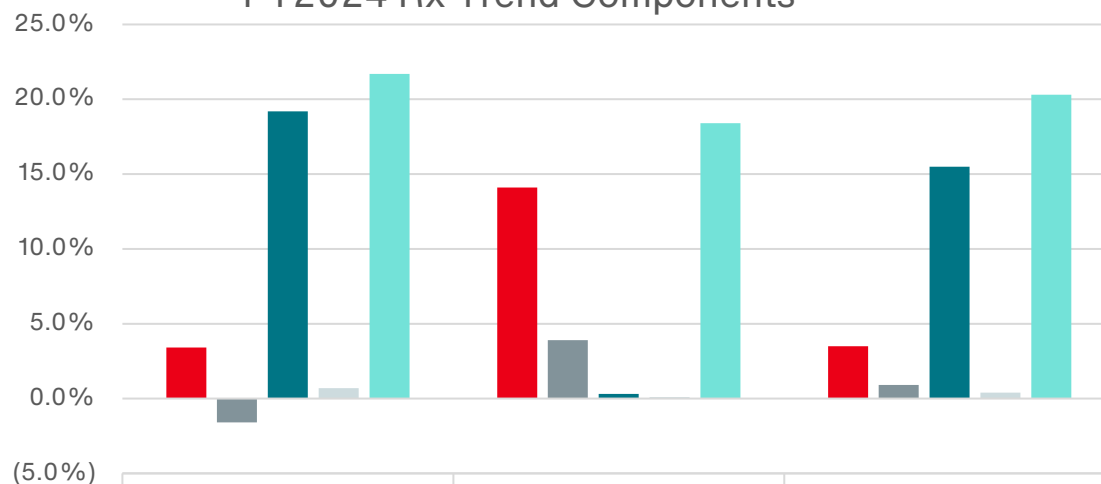
Impact of updated assumptions

- The medical projection also reflects a higher trend assumption compared to the PY2025 Rate Setting Analysis.
- Overall, Plan Year 2025 medical claims are projected to be 5.8% higher than the Plan Year 2025 rate setting analysis.

State Active Rx Claim Drivers

State Active

PY2024 Rx Trend Components



■ Utilization

■ Cost

■ Drug Mix

■ Member Contribution

■ Total

Non-Specialty

Specialty

Total

3.4%

14.1%

3.5%

(1.6%)

3.9%

0.9%

19.2%

0.3%

15.5%

0.7%

0.1%

0.4%

21.7%

18.4%

20.3%

Increase in drug mix, which represents higher cost drugs being utilized compared to last year, is where the high utilization of GLP-1 brand drugs is showing up in this analysis.

Increase in specialty drug utilization, which represents the change in the number of specialty scripts per member, the primary driver of the increase in specialty drug PMPM amounts.

The average plan paid PMPM amount has increased 20% over the prior period driven by high utilization of both GLP-1 drugs and specialty drugs.

Impact of updated Rx claims experience

- Optum reported 2024 Rx claim trends of 20.3%, higher than the 13.5% Rx trend assumption reflected in last year's rate setting analysis.
- Drugs for inflammatory conditions rank number one in terms of spend by disease state, and PMPM claims spend for inflammatory conditions increased 16.9% in 2024. The top drugs in this category were Humira Pen, Stelara, and Dupixent.
- PMPM Drug Spend for weight loss drugs (such as high cost GLP-1 medications) increased 110.9%. Wegovy ranked first in terms of individual drug spend, and Ozempic, Mounjaro, and Zepbound were all GLP-1 drugs that ranked in the top 10 of individual drug spend.
- Overall specialty drug claims PMPM increased 18.4%, which was driven by inflammatory conditions (noted above) and oncology.

Impact of updated assumptions

- The Rx projection also reflects a higher trend assumption compared to the PY2025 Rate Setting Analysis.
- 2025 Rx claims before rebates are projected to be 17.1% higher compared to what was estimated in the PY2025 Rate Setting Analysis.

State Active Premium Increase Drivers

State Active premiums are projected to increase **19.7%** in total for 2025, primarily a result of the following:

- **Plan Year 2025 Reforecast +7.0%** - Actual 2024 claims experience was higher compared to expected 2024 claims. Medical and Rx trend projection assumptions have increased from the prior rate setting analysis, which are driven by upward medical cost pressures and expected increases in GLP-1 and specialty drug trend costs and utilization:
 - Actual 2024 PMPM Active medical claims experience was 3.3% higher than expected.
 - Actual 2024 PMPM Active prescription drug claims experience was 6.5% higher than expected.
 - The 2025 medical and Rx trend assumptions reflected in this analysis are 2.0% and 10.5% higher, respectively, compared to the 2025 Rate Setting Analysis.
- **Trend to Plan Year 2026 +11.0%** - The Plan Year 2026 premiums include an additional year of trend to account for projected increases from 2025 to 2026.
- **Rx Rebates +0.3%** - Prescription drug rebates as a percentage of prescription drug claims are lower compared to the prior analysis.
- **Other Changes +0.5%** - Impact of other changes including cost increases due to actual vs expected plan enrollment and migration assumptions, and other actuarial adjustments.

*Impacts are multiplicative, not additive

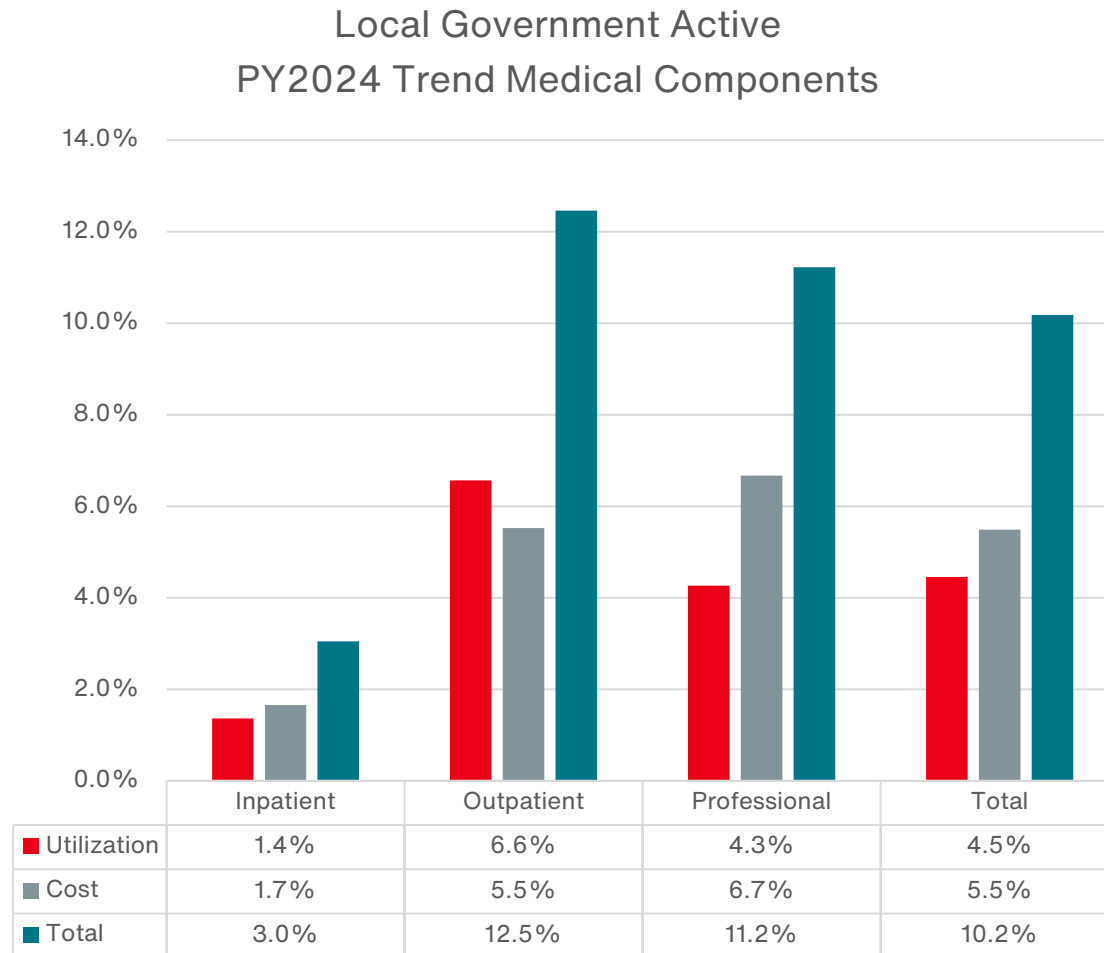
State Pricing Methodology/Assumptions

	2026 Pricing Projections
Claims Experience	Claims based on 12-months of incurred experience from January 1, 2024 through December 31, 2024 with runout through March 31, 2025
Enrollment Distribution / Migration Assumption	<p>Monthly census data was provided by the State through April 2025</p> <p>For Plan Year 2026, it is assumed that 2.5% of members are new hires who enroll in the Unity 2019 PPO plans and that 1.0% of the State Active subscribers retire each year and enroll in either of the Unity PPO Early Retiree plans</p> <p>It is assumed that 2.0% of State Active Legacy PPO15 and HMO15 participants migrate to the Tiered Network plan in Plan Year 2026</p>
Trend Assumption	<p>Active (2025 / 2026): Medical = 9.5% / 9.5% Rx = 23.0% / 19.0%</p> <p>Early Retiree (2025 / 2026): Medical = 9.5% / 9.5% Rx = 21.0% / 17.0%</p> <p>SI Medicare (2025 / 2026): Medical = 5.5% / 6.0% Rx = 17.0% / 5.5%</p>
Rx Rebates / EGWP	<p>Projected Rx Rebates and EGWP credits were provided by Optum</p> <ul style="list-style-type: none"> For Actives and Early Retirees, rebates are based on 2024 actuals as a % of claims For EGWP retirees, 2026 projected rebate amounts were provided by Optum, and reflect expected reductions as result of drug negotiations under the Inflation Reduction Act
High-Cost Claimants	Claims were reviewed for abnormal high-cost claimants and adjusted where necessary based on this review

3

Local Government Projections

Local Government Active Medical Claim Trends



Medical claim drivers are based on Horizon reporting that reflects CY2024 incurred claims with 1 month runoff; Cost per visit increases are comprised of both unit cost trends and mix of service changes

Impact of updated medical claims experience

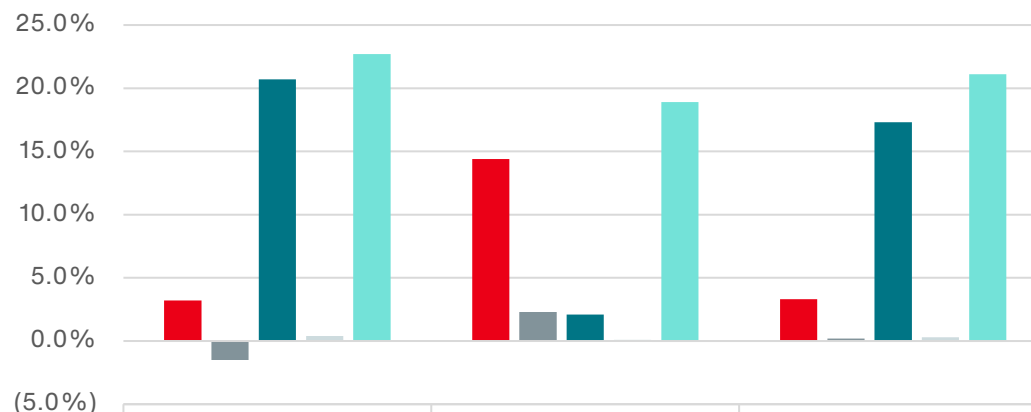
- Horizon reported 2024 medical claim trends of 10.2%, higher than the 9.5% medical trend + anti-selection assumptions reflected in last year's rate setting analysis.
- Medical claim trends are largely driven by increased utilization across almost all OP service categories, including more expensive services such as OP Medical Pharmacy and OP Surgery:
- Medical claims for outpatient services increased, with a total annual trend of 12%, including a 6% increase in the cost per visit and 7% increase in utilization.
- Inpatient visits increased 1%, and the cost per visit increased 2%. Additionally, professional trends increased 11% driven by a 7% increase in the cost per visit and a 4% increase in the number of visits. Specialist and Urgent Care utilization increased 3% and 6%, respectively.

Impact of updated assumptions

- The medical projection also reflects higher trend and anti-selection assumptions compared to the PY2025 Rate Setting Analysis.
- 2025 medical claims are projected to be 3.8% higher compared to what was estimated in the PY2025 Rate Setting Analysis.

Local Government Active Rx Claim Drivers

Local Government Active
PY2024 Rx Trend Components



Increase in Drug mix, which represents higher cost drugs being utilized compared to last year, is where the high utilization of GLP-1 brand drugs is showing up in the analysis.

Increase in specialty drug utilization, which represents the change in the number of specialty scripts per member, is the primary driver of the overall increase in specialty drug PMPM amounts.

The average plan paid PMPM amount has increased 21% over the prior period driven by high utilization of both GLP-1 drugs and specialty drugs.

Impact of updated Rx claims experience

- Optum reported 2024 Rx claim trends of 21.1%, higher than the 15.5% Rx trend + anti-selection assumptions reflected in last year's rate setting analysis.
- Drugs for inflammatory conditions rank number one in terms of spend by disease state, and PMPM claims spend for inflammatory conditions increased 10% in 2024. The top drugs in this category were Humira Pen, Stelara, and Dupixent.
- PMPM Drug Spend for weight loss drugs (such as high cost GLP-1 medications) increased 119%. Wegovy ranked first in terms of individual drug spend, and Ozempic, Mounjaro, and Zepbound were all GLP-1 drugs that ranked in the top 10 of individual drug spend.
- Overall specialty drug claims PMPM increased 18.9%, which was driven by inflammatory conditions (noted above) and oncology.

Impact of updated assumptions

- The Rx projection also reflects higher trend and anti-selection assumption compared to the PY2025 Rate Setting Analysis.
- 2025 Rx claims before rebates are projected to be 14.7% higher compared to what was estimated in the PY2025 Rate Setting Analysis.

Local Government Active Premium Increase Drivers

Local Government Active premiums are projected to increase **36.9%** in total for 2026, primarily a result of the following:

- **Plan Year 2025 Reforecast +4.1%** - Actual 2024 claims experience was higher compared to expected 2024 claims. Medical and Rx trend and anti-selection projection assumptions have increased from the prior rate setting analysis, which driven by upward medical cost pressures and expected increases in GLP-1 and specialty drug trend costs and utilization:
 - Actual 2024 PMPM Active medical claims experience was 0.9% higher than expected.
 - Actual 2024 PMPM Active prescription drug claims experience was 4.3% higher than expected.
 - The 2025 medical and Rx trend assumptions reflected in this analysis are 1.5% and 10.5% higher, respectively, compared to the 2025 Rate Setting Analysis.
 - The 2025 anti-selection assumption is 25 basis points higher compared to the prior analysis.
- **Trend to Plan Year 2026 +10.7%** - The Plan Year 2026 premiums include an additional year of trend to account for projected increases from 2025 to 2026.
- **Anti-selection +3.3%** - 2026 includes an additional 375 basis point load for anti-selection to account for favorable risks leaving the plan.
- **Rx Rebates +0.8%** - Prescription drug rebates as a percentage of prescription drug claims are lower compared to the prior analysis.
- **Other Changes +1.5%** - Impact of plan mix changes, actuarial adjustments, and other changes .
- **Margin +12.4%** - Plan Year 2026 premium rates are set 15.4% higher than the projected medical and prescription drug costs for Actives, Early Retirees and Medicare Retirees to fund amounts owed under Chapter 86 (\$200M) and build the CSR balance. The Plan Year 2025 premium rates reflected a 3.0% margin.

*Impacts are multiplicative, not additive

Local Government Claim Stabilization Reserve

Claim Stabilization Reserve Balance (in \$ millions, incurred basis)	Total	Active	Retiree
12/31/2024	(\$131)	\$37	(\$168)
12/31/2025	(\$188)	(\$10)	(\$178)
12/31/2026	(\$48)	\$85	(\$132)
Months of Plan Cost as of 12/31/2026	(0.3)	0.7	(2.2)

- The projected reserves as of December 31, 2024, 2025, and 2026 are based on the reserve balance as of June 30, 2024 provided by the State.
- Local Government Active and Retiree premium rates reflect a 3.0% margin in both 2024 and 2025. Plan Year 2026 premium rates are set 15.4% higher than the projected medical and prescription drug costs for Actives, Early Retirees and Medicare Retirees. This increase includes a 6.0% margin to help build the CSR balance, along with an additional amount to repay the \$200 million owed under Chapter 86. The Chapter 86 repayment does not increase the CSR.
- Even with the included margin, the Claim Stabilization Reserve is projected to be negative, well below the target level of 2.0 months of plan cost.
- Assumes 2026 anti-selection of 3.75% on projected Active and Early Retiree claim costs to reflect the increased risk of employers choosing to leave the plan. Even this level of anti-selection may be insufficient if attrition from the plan is significant.
- For purposes of this analysis, the CSR is shown on an incurred basis and does not represent the cash available to pay monthly claims.

Local Government Pricing Methodology/Assumptions

	2026 Pricing Projections
Claims Experience	Claims based on 12-months of incurred experience from January 1, 2024 through December 31, 2024 with runout through March 31, 2025
Enrollment Distribution / Migration Assumption	Monthly census data was provided by the State through April 2025 For Plan Year 2026, it is assumed that 0.5% of Actives in the PPO10 and PPO15 plans migrate to the Tiered Network plan.
Trend Assumption (excluding anti-selection)	Active (2025 / 2026): Medical = 9.5% / 9.5% Rx = 23.0% / 19.0% Early Retiree (2025 / 2026): Medical = 9.5% / 9.5% Rx = 21.0% / 17.0% SI Medicare (2025 / 2026): Medical = 5.5% / 6.0% Rx = 18.0% / 3.0%
Rx Rebates / EGWP	Projected Rx Rebates and EGWP credits are based on data provided by Optum <ul style="list-style-type: none"> For Actives and Early Retirees, rebates are based on 2024 actuals as a % of claims For EGWP retirees, 2026 projected rebate amounts were provided by Optum, and reflect expected reductions as result of drug negotiations under the Inflation Reduction Act
Anti-Selection	Active and Early Retiree medical and prescription drug trends have been increased by 175 basis points for Plan Year 2025 and 375 basis points Plan Year 2026
High-Cost Claimants	Claims were reviewed for abnormal high-cost claimants and adjusted where necessary based on this review
Margin	Premium rates are set 15.4% higher than projected costs which includes a 6.0% margin to help build the CSR balance, along with an additional amount to repay the \$200 million owed under Chapter 86
Other	Active premium rates for the PPO 2030 and PPO 2035 plans were further adjusted to reflect high emerging experience

4

Dental Rate Increases

Overview of Recommended Renewal Impact

Plan Year 2026 Rate Impact Recommendations

	Actives	Retirees
Dental Expense Plan		
SHBP Aetna DEP	6.1%	4.8%
SHBP Horizon DEP	6.1%	4.8%
DPO Plans		
Aetna	0.0%	0.0%

- The table above provides the Plan Year 2026 premium rate changes.

Dental Pricing Methodology/Assumptions

	2026 Pricing Projections
Claims Experience	Claims based on 12-months of incurred experience from January 1, 2024 through December 31, 2024 with runout through March 31, 2025
Enrollment Distribution / Migration Assumption	Monthly census data was provided by the State through April 2025;
Trend Assumption	4.5% Annual Trend
Other	SHBP and SEHBP experience is combined for purposes of calculating premium rate increases

5

Appendix

Overview of SHBP Recommended Premium Rate Impact

Plan Year 2026 Rate Impact Recommendations – Local Government Scenarios

Scenario 1: No Premium Margin – this scenario only covers projected costs and does not improve the CSR or repay Chapter 86

Plan Year 2026	Actives			Early Retirees			Medicare Retirees		
Premium Rate Changes	Medical	Rx	Total	Medical	Rx	Total	Medical	Rx	Total
Local Government									
PPO / HDHP	12.4%	38.0%	15.9%	11.3%	29.5%	14.5%	N/A	N/A	N/A
HMO	10.6%	37.0%	14.4%	11.3%	29.5%	14.9%	N/A	N/A	N/A
Tiered Network	10.6%	33.8%	14.4%	11.3%	29.5%	14.9%	N/A	N/A	N/A
Total	12.3%	37.8%	15.8%	11.3%	29.5%	14.5%	28.8%	13.3%	18.9%

- Assumes 2026 anti-selection of 1.0% on projected Active and Early Retiree claim costs to reflect the risk of employers choosing to leave the plan.
- The premium increases shown are needed to cover expected 2026 cost with no additional margin.

Claim Stabilization Reserve Balance (in \$ millions)	Total	Active	Retiree	Months of Plan Cost as of Dec 31
12/31/2026	(\$188)	(\$10)	(\$178)	(1.0)

Overview of SHBP Recommended Premium Rate Impact

Plan Year 2026 Rate Impact Recommendations – Local Government

Scenario 2: Collect \$200M + Fund the CSR to 2.0 Months of Plan Cost – this scenario repays Chapter 86 and brings the CSR to its target level

Plan Year 2026 Premium Rate Changes	Actives			Early Retirees			Medicare Retirees		
	Medical	Rx	Total	Medical	Rx	Total	Medical	Rx	Total
Local Government									
PPO / HDHP	58.5%	94.2%	63.4%	57.1%	82.4%	61.5%	N/A	N/A	N/A
HMO	56.0%	92.8%	61.4%	57.1%	82.4%	62.0%	N/A	N/A	N/A
Tiered Network	56.0%	88.2%	61.3%	57.1%	82.4%	62.0%	N/A	N/A	N/A
Total	58.4%	93.9%	63.3%	57.1%	82.4%	61.6%	72.2%	51.5%	59.0%

- Assumes 2026 anti-selection of 7.25% on projected Active and Early Retiree claim costs to reflect the increased risk of employers choosing to leave the plan. Even this level of anti-selection may be insufficient if attrition from the plan is significant.
- Resulting premiums are set 33.7% above expected costs for Plan Year 2026

Claim Stabilization Reserve Balance (in \$ millions)	Total	Active	Retiree	Months of Plan Cost as of Dec 31
12/31/2026	\$377	\$373	\$4	2.0

Disclaimers

The projections in this analysis are measured on an incurred basis and are consistent with the assumptions and methodology disclosed herein. Future projections may differ significantly from the current projections presented in this analysis due to (but not limited to) such factors as the following:

- Plan experience differing from what is anticipated by the economic or demographic assumptions;
- Changes in actuarial methods or in economic or demographic assumptions;
- Changes in plan provisions or applicable law.

This analysis contains the primary actuarial assumptions and methods used to develop the cost projections but may not include a comprehensive list of these methodologies and assumptions. Aon provided guidance with respect to these assumptions, and it is our belief that the assumptions represent reasonable expectations of anticipated plan experience.

Preparation of this Actuarial Analysis

This presentation has been prepared to present our analysis of the Plan Year 2026 Rate Setting Analysis for the State Health Benefits Program (SHBP). The purpose of this analysis is to recommend premium levels for the SHBP for January 1, 2026 through December 31, 2026. The use of this presentation for purposes other than those expressed herein may not be appropriate.

It should be noted that Aon's conclusions are based on certain assumptions that appear reasonable at this time. Actual experience can vary from projected experience, and this difference may be material.

Source of Information

In conducting this analysis, we relied on census data provided by the State and claims data provided by carriers. We reviewed the data for reasonableness and consistency with prior data but have not audited it; as such, we are not certifying, herein, as to its accuracy.

Thank You