

Part II Written Description Justifying the Rate Increase
Priority Health
Small Group Rate Filing
Effective January 1, 2027

Scope and range of rate increase:

The requested average increase for Priority Health Small Group products in this filing, effective January 1, 2027, is 11.60% in aggregate. This ranges by plan design from 8.1% to 16.9%. We expect the rate to be greater than 15% for 1,497 covered lives, or 1.7% of total covered lives.

Financial experience of the product:

We project our MLR to be at 84.2%.

Changes in Medical Service Costs and Other Factors:

The primary factors influencing the rate increase include:

- Changes in expected claims costs associated with utilization increases in specialty pharmacy, unit cost increases resulting from contracts with providers, as well as changes in the severity and mix of services used.
- Increased utilization of outpatient and professional services.
- Expected utilization increases in GLP-1 drugs and cell and gene therapies.

Changes in benefits:

Plan designs were changed within the AV ranges to reduce premium increases to our members. Changes were made to benefits that most impact premium for the majority of our members.

Administrative costs and anticipated profits:

Administrative costs as a % of premium increased from 15.0% in 2026 to 17.41% in 2027. We strive to keep these costs low and the quality of care high. The expected taxes and fees in 2027 are 1.55% which is about 1% higher than the 2026 taxes and fees due to the large increase expected in the IPA fee. The expected profit and risk margin in 2027 is 4.2%, which is 0.9% higher than 2026 as a percentage of premium due to management decisions for additional margin and risk margin needs with uncertainty of cost estimates due to emerging trends.