

Company Legal Name: Health First Commercial Plans, Inc.

State: Florida

HIOS Issuer ID: 36194

Market: Individual

Effective Date: January 1, 2027

Part II – Rate Filing Justification

This document contains the Part II Rate Filing Justification for Health First Commercial Plans (HFCP) individual block of business, effective January 1, 2027. This justification is submitted in conjunction with the Part I Unified Rate Review Template.

The purpose of this justification is to provide certain information related to the submission, including support for the values entered into the Part I Unified Rate Review Template, which supports compliance with the market rating rules and reasonableness of applicable rate increases. This information may not be appropriate for other purposes.

This information is intended for use by the Florida Office of Insurance Regulation (FLOIR), the Center for Consumer Information and Insurance Oversight (CCIO), and their subcontractors to assist in the review of HFCP's individual rate filing. However, we recognize that this certification may become a public document. Milliman makes no representations or warranties regarding the contents of this letter to other users. Likewise, other users of this letter should not place reliance upon this Rate Filing Justification that would result in the creation of any duty or liability for Milliman under any theory of law.

Scope and Range of the Rate Increase

HFCP is filing rates to be effective January 1, 2027, for its Individual ACA-compliant block of business. URRT rate increases by Plan HIOS ID vary between 7.77% and 19.10%. URRT Rate increases by Product HIOS ID vary between 9.87% and 17.51%. The average rate increase across all plans is 13.55%, as also measured in the URRT.

The primary factors contributing to the requested rate increase include increased medical claims experience in 2025, and additional medical and pharmacy cost inflation through plan year 2027.

The above rate increases will apply to HFCP's projected marketplace enrollment consisting of 440,861 member months in 2027 as shown in WS2 of the URRT.

The Product has experienced an increase in medical costs since 2022, which has led to an increase in its Medical Loss Ratio. This is a contributing factor to the requested rate increases for 2027.

Changes in Medical Service Costs

The cost of medical services increases over time. The development of the 2027 rates includes a provision for medical inflation. We projected medical costs using our best estimates of the increase in medical costs from 2025 to 2027.

Changes in Benefits

There are no legally required benefit changes for the rates effective January 1, 2027. HFCP has made benefit changes needed to maintain a competitive product portfolio and to maintain plan AV values compatible with the Federal AV Calculator. Benefit changes were not a primary driver of rate increases.

Administrative Costs and Anticipated Margins

Administrative cost and underwriting gains are consistent with prior years and do not contribute to plan rate increases.