Aetna Life Insurance Company
CA Small Group
PPO Products

Summary

Aetna is filing premium rates for Small Group plans in California.

The new rates will apply to plan years effective in 2027. The current membership and range of rate changes by product are:

Product Name	# Members as of December 2025	Range of Increases
Aetna PPO	14,248	17.7% to 20.5%, avg 18.7%

Why We Need to Increase Premiums?

Medical costs are going up and we are changing our rates to reflect this increase. We expect medical costs to go up 9.3% excluding the effect of benefit or cost sharing changes. Medical costs go up for two reasons – providers raise their prices and members get more medical care. We expect Pharmacy costs to go up 10.1% excluding the effect of changing plan design features like deductibles, copays, and out-of-pocket maximums. Pharmacy costs go up at an even higher rate as more members use more prescriptions and pharmaceutical companies increase their prices and develop new high-cost specialty drug treatments. In total we expect combined costs to go up 9.4%.

What Else Affects Our Request to Increase Premiums?

Changes to benefit designs like deductibles, copays, and out-of-pocket maximums were made to comply with state requirements and to make our plans more attractive to consumers. We need to change our premiums to reflect the changes made to benefit designs. Plans in 2025 are being discontinued and mapped to new plan designs in 2027. The new plan designs will contribute to further changes to the premium.

We are also updating our premiums based on claims experience. Claims experience is the dollar amount we paid to cover our share of members' medical costs in the past.

We have updated other assumptions that impact the projected claims costs and required premiums. These include factors such as the average age/gender distribution, and geographic area.

Will Premiums for All Small Groups Increase 18.7% for Aetna PPO?

No, increases differ by plan. The exact rate change depends on what benefit plan the group chooses, where the group is located, when the group's contract renews, and the ages and family sizes of enrolling employees. Rates charged to employees also depend upon any change in the amount of premium paid by the employer.

How does this request align to Minimum Loss Ratio Requirements (MLR)?

These rates are expected to produce an MLR equal to or above the 80% requirement for Small Group business. Under the ACA, at least 80% of the premiums collected by health plans are expected to pay

for medical care and activities that improve health care quality for members. If the actual MLR turns out to be less than 80%, rebates will be issued to members in accordance with the law.

Aetna makes significant investments that benefit our members that the government does not allow us to use in this calculation. These investments include customer service, health quality activities like disease management programs, and the development of new information technologies.

What is Aetna doing to keep premiums affordable?

Aetna strives to keep our products as affordable as possible and to address the underlying cost of health care. We are:

- Developing new agreements, arrangements, and partnerships with health care providers that base provider compensation on the quality of care.
- Creating medical management programs that address potential health issues for members earlier, improving health outcomes and reducing the need for high-cost health care services.
- Working to reduce the ability of out-of-network providers to collect unreasonably excessive payments for services they provide.

We are dedicated to increasing transparency within the health care system and helping members best utilize the plans that they have. Members can access Aetna Navigator, a secure member website, which allows them to research their specific plan benefits, health care providers in a given area, and in some locations, the cost of certain health care services. The Aetna Navigator streamlined mobile app is also available to allow members to take their care on the go.