Balance by CCHP
Rate Justification for QHP Plans
Small Group Plans
Rate Change Effective January 1, 2027

Balance by CCHP is proposing an average rate increase of 18.6%. Rate increases range from 17.9% to 19.7% depending on the plan. Rate increases vary by plan due to shifts in the estimated relationship between benefits and cost sharing levels by plan and claims costs. The rate increase does not vary by geographic area. Because the proposed average rate increase of 18.6% exceeds the 10% threshold established under 45 CFR 154.200, this Rate Increase Justification is submitted as required in conjunction with the Part I Unified Rate Review Template and Actuarial Memorandum.

Appendix 1 contains a detailed build-up of the proposed rate increase. This appendix illustrates the development of our proposed index rate, starting from 2025 experience data. This index rate supports our proposed rate change. Below is a high-level discussion of adjustments to the 2025 experience period.

Table 2.1 summarizes proposed rate increases by product:

Table 2.1 2027 Summary of Proposed Rate Increases		
	San Francisco	**San Mateo**
Platinum 90 HMO	18.8%	18.8%
Gold 80 HMO	18.5%	18.5%
Silver 70 HMO	18.3%	18.3%
Bronze 60 HMO	19.6%	19.6%
Bronze 60 HDHP HMO	17.9%	17.9%
Ruby 10 HMO Platinum	18.3%	18.3%
Ruby 20 HMO Platinum	18.1%	18.1%
Ruby 40 HMO Platinum	19.7%	19.7%
Opal 25 HMO Gold	18.1%	18.1%
Opal 50 HMO Silver	17.9%	17.9%
Platinum 90 HMO INF	18.7%	18.7%
Gold 80 HMO INF	18.4%	18.4%
Silver 70 HMO INF	18.2%	18.2%
Bronze 60 HMO INF	19.5%	19.5%
Bronze 60 HDHP HMO INF	18.0%	18.0%
Ruby 10 HMO Platinum INF	18.3%	18.3%
Ruby 20 HMO Platinum INF	18.1%	18.1%
Ruby 40 HMO Platinum INF	19.5%	19.5%
Opal 25 HMO Gold INF	18.1%	18.1%
Opal 50 HMO Silver INF	17.9%	17.9%
Total	**18.6%**	

Table 2.2 summarizes the main drivers behind rate changes from the 2026 rate to the 2027 projection period:

Table 2.2 Rate Change Key Drivers	
Change from 2026 to 2027	**Rate Change**
1. Change in starting allowed costs	0.7%
2. Change in utilization and unit cost trends	-3.1%
3. Change in projected benefits	1.3%
4. Change in projected morbidity	7.7%
5. Change in projected area mix	-0.6%
6. Change in projected age mix	0.6%
7. Change in non-benefit expenses (e.g., HIPF, admin, commissions)	2.7%
8. Change in projected risk adjustment transfer	9.3%
Total Rate Change	**18.6%**

Each of the drivers is explained in more detail below:

1. **Change in starting allowed costs**

   Starting costs increased 0.7% from 2026 to 2027.

2. **Change in utilization and unit cost trends**

   Claims costs were increased for anticipated changes due to medical/prescription drug inflation and increased medical/prescription drug utilization, particularly for high-cost specialty drugs. Below are the percentage increases for these changes. The 2025 to 2026 and 2026 to 2027 trends are reported in Worksheet 1, Section II of the URRT. Historical pharmacy trends were used to assist in trend development. See Table 2.3 below for the trends used.

Table 2.3 Chinese Community Health Plan Annualized Allowed Claim Trends				
Service Type	Underlying Unit Cost		Utilization	
	2025 to 2026	2026 to 2027	2025 to 2026	2026 to 2027
Inpatient Hospital	4.1%	4.1%	1.0%	1.0%
Outpatient Hospital	3.0%	3.0%	1.0%	1.0%
Professional	2.0%	2.0%	1.5%	1.5%
Other Medical	2.0%	2.0%	1.5%	1.5%
Capitation	0.0%	0.0%	0.0%	0.0%
Prescription Drug	13.2%	13.2%	0.6%	0.6%
Total	**5.4%**	**5.4%**	**0.8%**	**0.8%**

The capitation adjustment was derived by projecting category-of-service-level PMPMs by medical group from 2025 into 2027. The projected PMPMs were then weighted with projected membership by medical group and compared to the experience PMPMs weighted by experience membership by medical group. The ratio of the composite PMPMs by category of service is reported as the capitation adjustment. The result of this calculation can be seen in Appendix 1.

3. Change in projected benefits

Effective January 1, 2027, benefits have changed based on state requirements and business decisions. Changes were made to deductibles, maximum out of pocket payments, and specialist copays. The following table describes notable changes in benefits between 2026 and 2027. The highlighted cells indicate a benefit change.

Table 2.4 Chinese Community Health Plan Select Benefit Plan Changes						
Plan Name	Deductible (Combined or Med/Rx)		MOOP		SPC Copay	
	2026	2027	2026	2027	2026	2027
Platinum Copay Plan	$0	$0	$4,500	$4,500	$30	$30
Gold Copay Plan	$250/$0	$300/$0	$7,800	$8,200	$55	$60
Silver Copay Plan	$3,200/$300	$3,000/$350	$9,500	$9,500	$90	$90
Bronze Copay Plan	$6,300/$500	$6,300/$500	$8,200	$8,575	$95	$95
Bronze HDHP	$7,100	$7,800	$7,100	$7,800	$0	$0
Ruby 10	$0	$0	$3,900	$5,000	$30	$40
Ruby 20	$0	$0	$3,700	$4,600	$20	$28
Ruby 40	$0	$0	$3,000	$3,300	$40	$40
Opal 25	$2,100/$250	$2,100/$250	$6,100	$6,100	$35	$35
Opal 50	$2,500/$700	$2,500/$700	$9,100	$9,100	$100	$100

Changes in benefits and plan mix from 2025 to 2027 have resulted in an aggregate utilization adjustment of 1.013, as shown in Worksheet 1, Section II of the URRT.

4. Change in projected morbidity

We project a 7.7% overall increase in morbidity for CCHP's risk pool between 2025 and 2027 (two year, not annual) due to changes in the age and metal level distributions of the risk pool over that time, as well as an anticipated higher percentage of members using capitated providers.

5. Change in projected area mix

We project a -0.6% change in membership mix by area between 2026 and 2027.

6. Change in projected age mix

Changes in age mix are expected to change utilization over time. This impact (combined with the change in projected area mix) is 1.000, as shown in Worksheet 1, Section II of the URRT. The change in age mix also affects the allowable rating factor, as discussed in Exhibit 11.

7. Change in non-benefit expenses (e.g., admin, commissions)

Appendix 2 details the non-claims expenses contained in the proposed rate increase. Administrative expense assumptions are expected to be higher in 2027 as compared to 2026. CCHP performed a detailed assessment of 2025 expenses and projected them to 2027.

8. Change in projected risk adjustment transfer

The development of the risk adjustment transfer payment is discussed in Exhibit 9.