CareSource

COMMON GROUND HEALTHCARE COOPERATIVE
Individual Medical Business
Part II – Written Description Justifying the Rate Increase

This document contains the Part II written description justifying the rate increase subject to review on Common Ground Healthcare Cooperative's (CGHC) individual medical block of business in Wisconsin, effective January 1, 2027. The statements provided are intended to provide a brief, non-technical description of why the issuer is requesting the proposed rate increase.

Scope and Range of Rate Increase

The average proposed rate increase is 31%, while the exact change varies between -4.0% and 44.6%. The exact rate change varies based on age, geographic region, and plan selection. There are 25,735 members currently enrolled that will be affected by the rate change.

Financial Experience of the Product

CGHC's individual product had a federal MLR of 95.2% for plan year 2024. The projected federal MLR based on the proposed rate increase is expected to be 81.1% in 2027. The proposed rate increase is intended to account for expected claims activity in 2027, given historical experience and any anticipated changes.

Changes in Medical Service Costs

Medical trend is anticipated to be an average of 11% increase per year based on allowed costs. This was developed based on Common Ground historical experience and information available on general medical inflation trends. Medical trend is the change driven by utilization (number of services) and unit cost (price of each service) over time.

Changes in Benefits

Changes in benefits have been made to these plans. Some of these changes include updating maximum out-of-pocket and deductibles as required by federal regulations. These changes are reflected in the proposed rate change.

Administrative Costs and Anticipated Margins

CGHC expects administrative costs in 2027 to increase on a per member per month basis relative to 2026. These changes are reflected in the proposed rate change.