July 14, 2027

HIOS Part II Preliminary Justification – Written Description Justifying the Rate Increase
Community Care Health Plan
Small Group Rate Filing
Effective January 1, 2027

1. SCOPE AND RANGE OF RATE INCREASE

The purpose of this memorandum is to request a rate increase effective January 1, 2027 for Community Care Health Plan Health Plan's (CCHP's) small group market plans.

This justification is intended to comply with the requirements of CMS and the State of California Department of Managed Health Care (DMHC). This justification may not be appropriate for purposes or scopes beyond those described above and, therefore, should not be used for other purposes.

The rate increase requested for CCHP's individual market plans impacts approximately 1,334 members. The composite requested rate increase from January 2026 to January 2027 is 9.8% across all HMO members and 14.3% across all EPO members. The Maximum request increase is 12.0% for HMO members and 15.0% for EPO members. Requested rate changes vary by plan and product due to changes in plan pricing relativities and by geographic area due to changes in area factors.

2. CHANGES IN MEDICAL SERVICE COSTS AND TREND ASSUMPTIONS

The 2027 rate development reflects CCHP's expectations regarding increases in claims in the base period, changes in utilization of medical services and prescription drugs, and trends in drug costs per prescription. The estimated incurred claims per member per month increased by 14.1% from 2026 to 2027.

3. CHANGES IN DEMOGRAPHIC AND GEOGRAPHIC MIX

Since CCHP's 2025 experience was used as the basis for developing the 2027 rates, the rates reflect differences between the 2025 membership demographic/area mix and the projected 2027 demographic/area mix.

4. CHANGES IN BENEFITS

CCHP made minor changes to comply with the 2027 Federal Actuarial Calculator and 2026 Marketplace Integrity and Affordability Final Rule. The changes include adjusting the deductible and out-of-pocket maximums as details can be found in Actuarial Memorandum.

5. ADMINISTRATIVE COSTS AND ANTICIPATED PROFITS

CCHP has no change in the administrative cost with $88.00 PMPM for both 2026 and 2027. CCHP anticipates the same 2% profit margin for both 2026 and 2027.