Part III Actuarial Memorandum
(REDACTED)

Sharp Health Plan
Small Group Rate Filing
Effective January 1, 2027

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Sharp Health Plan

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EXHIBIT 1. GENERAL INFORMATION

Document Overview

This document contains the Part III Actuarial Memorandum for Sharp Health Plan's (SHP) small group block of business, effective January 1, 2027. This actuarial memorandum is submitted in conjunction with the Part I Unified Rate Review Template (URRT).

The purpose of the actuarial memorandum is to provide certain information related to the submission, including support for the values entered into the Part I URRT, 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 State of California Department of Managed Health Care (DMHC), Covered California, the Center for Consumer Information and Insurance Oversight (CCIIO), and their subcontractors to assist in the review of SHP's small group 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 actuarial memorandum that would result in the creation of any duty or liability for Milliman under any theory of law.

The results are actuarial projections. Actual experience is likely to differ for a number of reasons, including population changes, claims experience, and random deviations from assumptions.

The rates accompanying this actuarial memorandum reflect current law and regulations promulgated at the time of this rate filing submission. Future modifications in legislation, regulation, and/or court decisions may affect the extent to which the premium rates are neither excessive nor deficient. Sharp Health Plan reserves the right to file revised rates in the event of changes to the regulatory environment in which they were developed.

Company Identifying Information

Company Legal Name: Sharp Health Plan
State: The State of California has regulatory authority over these policies.
HIOS Issuer ID: 92499
Market: Small Group
Effective Date: January 1, 2027

Company Contact Information

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EXHIBIT 2. PROPOSED RATE CHANGES

Premium Rate Development Approach

In order to develop the 1Q2027 rates, we analyzed Sharp Health Plan's experience for its Small Group block of business for the period January 1, 2025, through December 31, 2025, and paid through April 30, 2026. We added IBNP estimates to FFS claim amounts. We projected capitation based on current and best estimate future capitation rates and member mix by primary medical group. We trended amounts to effective dates in first quarter 2027 at the trend rates included in the URRT. We normalized the claims experience by the 3:1 sloped standard age factors and benefit design factors in order to calculate per-rating-unit (per-unit) claims costs. SHP will not apply an area factor, so we did not normalize by area.

Attachment 1 documents all of the loads that were applied to the trended, normalized claims costs. Attachment 1 starts with normalized average claims costs (average age factor, benefit relativity, and network factor) that have been trended to first quarter 2027 effective dates. The exhibit documents all subsequent loads, including administrative costs, taxes and fees, and expected changes in claims costs. The final average premium rate at the bottom of Attachment 1 ties to the URRT average premium rate.

Attachment 1 does not document the trending of costs from the experience period to the projection period. The trends composite to a 9.2% annual trend rate, exclusive of any loads documented on Attachment 1.

We have populated the URRT and the Rates Table Template, as required. These provide a great deal of quantitative information. However, the attachments to this memo in conjunction with URRT WS2 Section III provide the best documentation of the pure development of the proposed premium rates.

Proposed Rate Change(s)

Attachment 2 summarizes proposed rate changes by plan effective January 1, 2027, relative to the current rates filed for 4Q2026. Generally, rate changes vary by plan due to a combination of factors including changes in benefit relativities, non-benefit expenses including ACA taxes/fees, margin, and risk adjustment projections. The following are significant factors driving the proposed rate changes.

Medical and Prescription Drug Inflation & Utilization Trend

Claims costs were increased for anticipated changes due to medical/prescription drug inflation and increased medical/prescription drug utilization. These are reported on Worksheet 1, Section II of the URRT.

The majority of SHP's claim costs are capitated. The capitation trends applied to experience period costs include the anticipated change in provider payments relative to those included in the experience period. These changes are reflected in both the capitation trends and the network adjustments.

Taxes, Fees, Administrative Expenses, and Margin (Non-Benefit Expenses)

Changes to the overall premium level are needed because of changes in administrative expenses and required changes in federal/state taxes and fees, as follows.

- There are small impacts to fees that are weighted across calendar years due to a shift in exposure year weights in the projection period, as well as slight updates to incorporate recently finalized and/or newly proposed fees.
- The weighted average CCSB Exchange Fee has changed due to a decrease in the contractual fee for PY2027 and an update to the assumed proportion of business that will be sold on the Covered California Exchange based on more recent membership.
- The SHP administrative load PMPM has been increased from the prior rate filing to account for expected trend due to inflation, salary increases, etc., as well as to better align with actual general administrative costs allocated to this LOB.

EXHIBIT 2. PROPOSED RATE CHANGES

Prospective Benefit Changes

Effective 1Q2026, SHP updated the Rx benefit on all Off-Exchange Non-Mirrored SG plans from a three-tier to four-tier structure, with specialty Rx now in its own tier. These plans appear on the URRT under products 004 and 005; see Exhibit 16 for more information. Starting 3Q2025, the URRT includes copies of Off-Exchange plans where infertility coverage has been added to comply with CA SB729 (Health care coverage: treatment for infertility and fertility services). Additionally, rates for the already existing comparable CCSB INF plans were updated for 3Q2025 to reflect infertility coverage that is compliant with SB729 as well. These changes no longer affect the annual increases.

Benefit relativities have been updated for 1Q2027 to reflect cost sharing changes on most plans to maintain AV compliance using the 2027 AV Calculator, while also maintaining compliance with MHPAEA requirements and the CA requirement that benefit category level copays do not result in an illusory benefit. These changes are shown on Attachment 2 in this Actuarial Memorandum and result in quarterly and annual premium rate changes that vary by plan.

Market Stabilization Program Changes

The federal transitional reinsurance program was a temporary program that ended in 2016. Since this program is not expected to continue in 2027 and 2028, we assume that reinsurance contributions and reinsurance recoveries will be zero.

Risk Adjustment Transfer Payment Projections

We have updated our risk adjustment transfer payment (RATP) projections to reflect more current information, which results in an increase to the rates. Please refer to Exhibit 9 for more information about our estimates and methodology.

Anticipated Single Risk Pool Morbidity

We are projecting no change in morbidity both relative to the experience period and to the current 4Q2026 rates.

Other

N/A

Single Risk Pool

SHP rates are developed using a single risk pool, established according to the requirements in 45 CFR section 156.80(d) and reflective of all covered lives for every non-grandfathered product/plan combination in the State of California small group health insurance market.

We have updated the single risk pool experience used to project FFS and Rx costs in the rating period using the most recent data available at the time of the rate development. Likewise, projected capitation costs are now based on more recent membership and contractual capitation assumptions.

EXHIBIT 3. EXPERIENCE AND CURRENT PERIOD PREMIUM, CLAIMS, AND ENROLLMENT

The experience reported on Worksheet 1, Section I of the URRT shows SHP's earned premium, incurred and paid claims, and enrollment for the period of 1/1/2025 through 12/31/2025, with claims paid through 4/30/2026. Current enrollment and current premium on Worksheet 2, Section II are reported as of 4/1/2026.

It is worth noting that the current premium PMPM shown on Worksheet 2, Section II of the URRT reflects the current population and age mix enrolled in the respective plan pursuant to the current URRT instructions, which is different from the plan adjusted index rates shown in Section III that reflect the average age of current enrollment across all plans. Because the URRT uses the current premium PMPM to calculate the weighted average product rate increase and submission level increase, these values may be different than expected and may not exactly match the average rate increase shown elsewhere in this rate filing.

Premiums in Experience Period

We summarized the premium for the 1/1/2025 through 12/31/2025 experience period based on detailed subscriber-level premium information. We tabulated this information for each enrolled contract. The premiums are not adjusted for MLR rebates.

Method for Determining Allowed Claims

Allowed claims were developed by combining the incurred FFS and prescription drug paid claims summarized from SHP's detailed claim-level historical data, capitation payments, and member cost-sharing.

Method for Determining Paid Claims

All paid claims processed both in and out of the claim system were included. Of this amount, 100% was processed through the claim system. An estimate of incurred but not paid claims was added to the processed amount to arrive at a final estimate of total paid claims. No estimate of incurred but not paid claims was added to the prescription drug claims or capitated claims.

Method for Determining Incurred But Not Reported Paid Claims

Incurred claims were calculated by applying a completion factor to the paid claims from the experience period. The completion factors were developed using the lag development method. The completion factors for paid and allowed claims are the same.

The majority of claims costs are capitated, and therefore the volume of IBNP is small.

Method for Determining Paid Cost Sharing

Paid member cost sharing was determined using the patient pay amounts in SHP's detailed claim-level historical data. An estimate of incurred but not paid member cost sharing was added to arrive at a final estimate of total paid member cost sharing.

EXHIBIT 4. BENEFIT CATEGORIES

We assigned the experience data utilization and cost information to benefit categories as shown in Worksheet 1, Section II of the Part 1 URRT based on place and type of service using a detailed claims mapping algorithm summarized as follows:

Inpatient Hospital

The inpatient hospital category includes non-capitated facility services for medical, surgical, maternity, mental health and substance use disorder, skilled nursing, and other services provided in an inpatient facility setting and billed by the facility.

Outpatient Hospital

The outpatient hospital category includes non-capitated facility services for surgery, emergency room, lab, radiology, therapy, observation, and other services provided in an outpatient facility setting and billed by the facility.

Professional

The professional category includes non-capitated primary care, specialist, therapy, the professional component of laboratory and radiology, and other professional services, other than hospital based professionals whose payments are included in facility fees.

Other Medical

The other medical category includes non-capitated ambulance, home health care, DME, prosthetics, supplies, vision exams, dental services, and other services.

Capitation

The capitation category includes all services provided under one or more capitated arrangements.

Prescription Drug

The prescription drug category includes drugs dispensed by a pharmacy. This amount is net of rebates received from drug manufacturers.

EXHIBIT 5. PROJECTION FACTORS

This section includes a description of trend factors used to project the experience period Index Rate to the projection period, and supporting information related to the development of those factors. This section also includes a description of adjustment factors (other than trend) that are applied to the experience period Index Rate in order to develop the projected Index Rate, and supporting information related to the development of those factors.

Trend Factors (Cost/Utilization)

This development of the 1Q2027 rates reflects a Year 1 trend of 6.9% and a Year 2 trend of 11.5%, which were developed using the following data source and methodology. The overall annualized (Medical + Rx) trend from the experience period to the projection period is 9.2%. The medical only annualized trend is 8.8%. These trends, along with those cited in the following paragraphs, are gross of provider incentive payments described in the last paragraph of this section.

The Year 1 and Year 2 trends of 6.9% and 11.5%, respectively, are the annualized cost trends from the experience period used to develop the premium rates, 1/2025-12/2025 as shown on URRT WS1, to the 1Q2027 projection period. These do not directly translate to a premium trend, which is reflected by the 1.7% Inflation / Util Trend on Attachment 2. This trend is dampened for INF plans due to the leveraging effect of the infertility cost PMPM.

The Year 1 and Year 2 trends result in an annualized cost trend of 9.2%, and this is the underlying cost trend used to develop the projected 1Q2027 unit cost (index rate) from the historical experience, where the capitation trends contributing to the 9.2% trend are inferred by comparing the future budgeted and best estimate capitation rates built up at the member level, as noted below, to the experience period paid capitation. The resulting projected cost is 1.7% higher than the corresponding projected unit cost in the 4Q2026 rates, which was developed using the same methodology as the 1Q2027 value based on the experience period used in the prior quarter and data/assumptions available at the time of that filing.

The 1.7% Inflation / Util Trend can be thought of as the 'base rate' trend and is the change in the projected cost at a 1.0 rating factor in this quarter's filing relative to the same value in the 4Q2026 filing. This increase is indicated by the 1.7% Inflation / Util Trend contributing to the quarterly premium rate change on Attachment 2.

Generally, FFS trend rates were based on a review of historical trend experience for SHP's Small Group plans and consideration for recent and future contractual reimbursement changes. Prescription drug trends were likewise developed based on a review of historical trend experience and consideration of recent and future significant impacts to costs. Capitation trends were based on best estimates of future capitation rates and the current Small Group member distribution by primary medical group. There are no significant changes in contractual reimbursement structure from the experience period to the projection period.

Please note that the capitation cost trends on URRT WS1 Section II include an adjustment to account for the expected change in provider incentive payments from 1/2025-12/2025 to the 1Q2027 rating period. In previous years, this adjustment was included in the 'Other' column of this section of the URRT, which included a separate input for each benefit category. Because starting with the 2020 version the URRT only has one 'Other' adjustment, we have included the adjustment here since it only applies to capitation. This adjustment equates to an annualized capitation trend of -0.3% and is not included in the overall annual trend rate of 9.2% or any of the other trends noted above.

EXHIBIT 5. PROJECTION FACTORS

Morbidity Adjustment

We are projecting no change in morbidity both relative to the experience period and to the current 4Q2026 rates.

Demographic Shift

We used the following data source(s) and methodology in order to estimate the changes in the demographic and geographic mix of the population, as shown in the Demographic Shift row of Worksheet 1, Section II:

Our rate projection is based on 1/2025-12/2025 experience, and reflects the average demographics and geographic mix of the 1/2025-12/2025 enrollees. Our development of the 1Q2027 Index Rate reflects the anticipated differences in the demographic and geographic mix of the population, as compared to the 1/2025-12/2025 experience period.

Plan Design Changes

We made the following adjustments to reflect the expected differences in benefits between the experience period and projection period, as shown in the Plan Design Changes row of Worksheet 1, Section II of the URRT:

We use benefit relativities to adjust for the cost sharing on each plan design. These benefit relativities include induced utilization based on benefit richness, but do not include any adjustment based on the health status of the population expected to enroll in any given plan. The benefit relativities are used to adjust for the change in benefits between the 2024 and 2025 plans in the experience period and the 2027 plans in the projection period. Aside from updates to CCSB INF plans' infertility coverage to be compliant with CA SB729 starting 3Q2025, which have a negligible impact overall due to very few members enrolled on these plans, there were no changes in covered services from the experience period to the projection period on existing plans. Thus, the Plan Design Changes Adjustment on URRT WS1 Section II, which is applied to allowed claims, is set to 1.0.

We used Milliman's Health Cost Guidelines (HCGs), in conjunction with the historical experience of SHP's small group block of business, in order to estimate the benefit changes.

Other Adjustments

The Other row of Worksheet 1, Section II contains additional adjustments from those described above. No other adjustments have been made to recognize additional anticipated changes in claims experience between the base period and the projection period. Therefore, this factor is 1.00.

EXHIBIT 6. MANUAL RATE ADJUSTMENTS

Not applicable. SHP's experience in the base period is fully credible for the purposes of the rate projection.

EXHIBIT 7. CREDIBILITY OF EXPERIENCE

Description of the Credibility Method Used

The CMS guidelines used for Medicare Advantage/Prescription Drug Plans (MA/PD) were used to determine the credibility of the experience. These guidelines specify 24,000 member months as 100% credible for medical and specify the following formula for determination of partial credibility:

(n / 24,000)^(1/2) for medical
(n / 60,000)^(1/2) for prescription drugs

where n = member months in the experience period.

Since prescription drug and medical coverage are both covered, and medical services make up a significantly larger portion of the costs, the above medical formula was used for the determination of partial credibility. The use of the CMS MA/PD credibility is appropriate given that both MA/PD and Commercial cover similar benefit categories.

Resulting Credibility Level Assigned to the Base Period Experience

The credibility assigned to the base period experience is 100%.

EXHIBIT 8. ESTABLISHING THE INDEX RATE

The Index Rate for the experience period is a measurement of the average allowed claims PMPM for Essential Health Benefits (EHB). The experience period Index Rate reflects the actual mixture of plan enrollment and risk morbidity that SHP received in the Single Risk Pool during the experience period. Note that there were additional benefits offered beyond the EHBs. The experience period Index Rate has not been adjusted for payments and charges under the risk adjustment and reinsurance programs, or for Exchange User Fees.

The experience period Index Rate is equal to the experience period total allowed claims PMPM minus the total non-EHB allowed claims PMPM. The experience period allowed claims include $0.17 PMPM for chiropractic services, abortion services, POS supplemental benefits, and infertility benefits. While abortion services are covered under the CA EHB benchmark plan, we understand they are not considered an EHB because they are related to abortions for which public funding is prohibited.

We used Milliman's Health Cost Guidelines (HCGs) to categorize the historical claims into the benefit categories in Worksheet 1, Section II. By comparing the categorized historical claims against the summary of covered benefits for the CA EHB benchmark plan, we were able to identify any service categories that are not considered an EHB. As noted above, the only such services were chiropractic services, abortion services, POS supplemental benefits, and infertility benefits, and, therefore, the experience period Index Rate is slightly lower than the experience period total allowed claims PMPM.

The Index Rate for the projection period is a measurement of the average allowed claims PMPM for EHBs. The Projection Period Index Rate reflects the projected mixture of plan enrollment and risk morbidity that SHP expects to receive in the Single Risk Pool. Note that there are expected to be additional benefits offered beyond the EHBs. The Projection Period Index Rate has not been adjusted for payments and charges projected under the risk adjustment program or for Exchange User Fees.

The Projection Period Index Rate is equal to the projected total allowed claims PMPM minus the total non-EHB allowed claims PMPM. As in the experience period, we expect there to be costs related to abortion services in the projection period. While these services are covered under the CA EHB benchmark plan, we understand they are not considered an EHB because they are related to abortions for which public funding is prohibited. Additionally, we expect there will be a trivial amount of costs related to chiropractic services, supplemental POS benefits, and infertility benefits in the projection period, similar to the experience period. Finally, beginning in 2026, gender affirming care (GAC) is no longer considered an EHB per the finalized HHS Marketplace Integrity and Affordability Rule. SHP anticipates Covered California will defray the cost of On-Exchange GAC directly to the issuer. On-Exchange GAC and Off-Exchange GAC costs are expected to be immaterial.

Attachment 1 documents the process that we used to develop the premium rates. The URRT and supplemental California templates have been populated, as required, but were not used to develop the rates.

EXHIBIT 9. DEVELOPMENT OF THE MARKET-WIDE ADJUSTED INDEX RATE

The Market Adjusted Index Rate is calculated by adjusting the Index Rate by the following adjustments:

- Risk Adjustment Transfer Amount
- Net Federal Transitional Reinsurance
- Exchange User Fees

The Market-Wide Adjusted Index Rate is not calibrated. This means that this rate reflects the average demographic characteristics of the single risk pool.

Each of the above modifiers were developed as follows:

- Risk Adjustment Transfer Amount
  This factor includes the impact of the estimated risk adjustment transfer payment as addressed in a subsequent section of this Exhibit.

- Net Market Reinsurance
  This factor includes any adjustments for expected reinsurance recoveries from federal or state reinsurance programs, net of the cost of the reinsurance. Because there are no applicable federal or state reinsurance programs, this factor is $0.

- Exchange User Fee Adjustment
  The Exchange User Fee adjustment was determined as the average of the Exchange User Fee and no fee, weighted using the expected distribution of issuer enrollment sold through versus outside the Exchange.

Projected Reinsurance Recoveries

The federal transitional reinsurance program was a temporary program that ended in 2016. Since this program is not expected to continue in the rating period and there are no other applicable federal or state reinsurance programs, we assume that reinsurance contributions will be zero. As a result, we did not project any reinsurance contributions or recoveries for the 1Q2027 projection period.

Experience Period Risk Adjustment PMPM

The following methodology was used to estimate final risk adjustment transfers for 1/2025-12/2025:

The experience period risk adjustment transfer payment (RATP) reflects final BY2025 results from HHS, including charges/recoveries under the High-Cost Risk Pool (HCRP) program, and, therefore, was calculated using the HHS risk adjuster formula. Because the final 2025 results do not yet include any adjustment for potential RADV outliers, the experience period RATP amounts include an estimated adjustment for RADV outliers in the state. The estimated experience period RATP is a payment of $70.07 PMPM from SHP.

Projected Risk Adjustment PMPM

The projection period RATP reflects a blend of the estimated RATP for BY2027 and BY2028. These estimates were developed based on our experience period estimate, accounting for assumed SW average premium and SHP/SW risk score trends as well as membership mix changes from the experience period to the projection period. Additionally, we account for the estimated impact of RADV and HCRP charges/recoveries. The projected RATP for the 1Q2027 rating period is a payment of $86.24 PMPM from SHP.

The anticipated risk transfer payments, gross of the risk adjustment fee assumed to be $0.18 PMPM for 1Q2027, are applied to the Index Rate as a market level adjustment. The overall impact of projected risk adjustment transfers is a premium increase of $86.24 PMPM, which is converted to an allowed claims basis and applied as a market level adjustment of $102.69 PMPM.

EXHIBIT 9. DEVELOPMENT OF THE MARKET-WIDE ADJUSTED INDEX RATE

Paid to Allowed Ratios

We determined each plan's projected paid to allowed ratio using the actual paid to allowed ratios of each respective plan in the base period experience, taking into consideration the credibility of the plan-level base period experience. We believe this is a good representation of the impact of cost sharing on utilization and paid costs and is appropriate to use for the projection period. We calculated the average paid to allowed ratio for the market using our projected membership distribution by plan as weights, applying a calibration adjustment to align the overall paid to allowed ratio level in the projection period with proposed premium.

The average paid to allowed ratio in the experience period is 86.3%, and the average paid to allowed ratio in the projection period is 84.0%. Both of these can be calculated from values on URRT WS2, where the former is experience period incurred claims (Cell D46) divided by experience period allowed claims (Cell D40), and the latter is calculated from the comparable projection period values (Cells D89 and D83).

EXHIBIT 10. PLAN ADJUSTED INDEX RATE

The Market-Wide Adjusted Index Rate is adjusted to compute the Plan Adjusted Index Rate using the following allowable adjustments:

- Actuarial value and cost sharing adjustment
  - The CMS Actuarial Value Calculator was used to determine the AV metal value for each plan.
  - The AV and cost sharing pricing adjustment was developed utilizing the HCGs. Relativities between plans were based on the differences in cost and utilization for varying levels of cost sharing.
- Provider network, delivery system, and utilization management adjustment
  - There are expected differences in claims costs due to differences in provider networks and/or utilization management.
- Adjustment for benefits in addition to the EHBs
  - There is a second set of HIOS plan IDs with embedded infertility coverage in compliance with CA SB729. For these plans, we identify the infertility coverage as a benefit in addition to the EHBs.
  - For all plans, we include an adjustment to reflect abortion services as non-EHBs. While abortion services are covered by the CA EHB benchmark plan, they are not an EHB because they are related to abortions for which public funding is prohibited. This adjustment also accounts for GAC costs as non-EHBs. While On-Exchange GAC costs are expected to be defrayed by the state, the values reported in the URRT are gross of all GAC costs, which are expected to be immaterial, based on direction from Covered California.
  - For the POS plans, the benefits in addition to EHB factor reflects additional acupuncture/chiropractic, vision, and hearing coverage.
- Adjustment for distribution and administrative costs
  - This adjustment is developed to indicate the impact of non-benefit expenses. This adjustment may differ by plan due to the relative impact of administrative costs that are developed as a PMPM rather than as a percent of premium.
- Impact of specific eligibility categories for the catastrophic plan
  - Not applicable for Small Group.

The adjustments listed above, as well as the calculation of the Plan Adjusted Index Rates, are shown in Worksheet 2 Section III of the URRT.

The Plan Adjusted Index Rates reflect the average demographic characteristics of the single risk pool and therefore are not calibrated.

EXHIBIT 10. PLAN ADJUSTED INDEX RATE

Non-Benefit Expenses, Profit, and Risk

Administrative Expense Load: The proposed rates reflect $39.92 PMPM for the SHP general administrative load. This load was developed taking into consideration SHP's overhead and business costs specific to the Small Group block of business. We apply this as a uniform PMPM across all plans. Consistent with the prior quarter, we have updated the PMPM load for this quarter to reflect consideration for future trend due to inflation, salary increases, etc., as well as to better align with actual general administrative costs allocated to this LOB.

Additionally, the CalChoice plans include the CalChoice administrative load of 12.0%. The percent of premium amount shown in Table 10.1 above reflects the weighted average of the Non-CalChoice plans, which have a 0.0% admin load applied as a percent of premium, and the CalChoice plans, whose rates reflect the 12.0% CalChoice administrative load.

Broker Commission Load: The rates include provision for commission. CCSB rates include a load of 6.75% for commissions, per Covered California's direction for 2027. Rates for Off-Exchange Non-Mirrored Non-CalChoice plans include a commission load of 7.75%. No separate commission is paid on CalChoice. The Broker Commission Load shown above in Table 10.1 reflects the weighted average of all plans.

Profit (or Contribution to Surplus) & Risk Margin: The proposed rates reflect 2.00% as a risk/profit margin. This load was applied to all plans. For CalChoice plans, the margin was applied to the net premium (before adding in CalChoice admin load). The Target Gain/Loss shown in Table 10.1 reflects the weighted average of all plans.

EXHIBIT 10. PLAN ADJUSTED INDEX RATE

Taxes and Fees: The following taxes and fees are included in the non-benefit expenses:

- $2.16 Per Member Per Year for the Risk Adjustment User Fee, which equates to a PMPM of $0.18. This reflects the 2027 fee of $0.18 finalized in the 2027 Final Notice of Benefit and Payment Parameters. We assume the same fee will apply in 2028.
- $0.35 PMPM for the Patient-Centered Outcomes Research Institute (PCORI) Fee, which was reinstated as part of the Further Consolidated Appropriations Act of 2020. This PMPM is an estimate as the actual fee has not yet been published by IRS.
- $0.00 PMPM for the California Managed Care Organization (MCO) Tax to reflect no currently approved tax in the projection period.
- 0.72% of premium for the Covered California Exchange Fee. This reflects the assessment of 4.25% that was approved by the Covered California Board of Directors for 2027. Because this is assessed on QHPs sold through the Exchange only, the amount applied to rates of 0.72% represents our projection that 17% of SHP's business will be on the Exchange.
- 0.00% for the Health Insurance Providers Fee (HIPF), reflecting the termination of this fee as of 12/31/2020 under the Further Consolidated Appropriations Act of 2020.

EXHIBIT 11. CALIBRATION

A single calibration factor is applied to the Plan Adjusted Index Rates from Exhibit 10 to calibrate rates for the expected age, geographic, and tobacco use distribution expected to enroll in the plan. The single calibration factor is applied uniformly across all plans.

Age Curve Calibration

The approximate weighted average age, rounded to a whole number, for the single risk pool is 45. The weighted average age curve calibration factor is 1.439.

In order to determine the calibration factor for age, the projected distribution of members by age was determined. The weighted average of the factors in the age curve was then calculated using this distribution. The average age was then determined by finding the age of a member that would have the closest factor to the weighted average age curve calibration factor. Prior to applying the allowed rating factors for age, geography, and tobacco, the plan adjusted Index Rates need to be divided by the age curve calibration factor.

The Age Calibration Factor in Section III on URRT Worksheet 2 is 1 divided by the weighted average age curve calibration factor of 1.439. 1 / 1.439 = 0.6949.

Additional information regarding the age curve can be found on Exhibit 12.

Geographic Factor Calibration

SHP does not use area factors. Therefore, no geographic factor calibration is necessary. Additional information regarding area factors can be found on Exhibit 12.

Tobacco Factor Calibration

N/A. Rating for tobacco status is not allowed in California.

EXHIBIT 12. CONSUMER ADJUSTED PREMIUM RATE DEVELOPMENT

The Consumer Adjusted Premium Rate is the final premium rate for a plan that is charged to an individual, family, or small employer group utilizing the rating and premium adjustments as articulated in the applicable Market Reform Rating Rules. It is the product of the Plan Adjusted Index Rate, the geographic rating factor, the age rating factor, and the tobacco status rating factor. All rating factors are described below and shown on URRT WS2 Section III.

1. Age Factors - SHP premium rates are developed using the 3:1 age curve prescribed by CMS.
2. Geographic Rating Factors - SHP does not use geographic rating factors. SHP's HMO service area includes San Diego county (rating area 19) and southern Riverside county (rating area 17). Only Non-Mirrored Off-Exchange plans on the Value and Choice networks are available to employers in rating area 17. The vast majority of SHP's Small Group membership is in rating area 19.
3. Tobacco Status Rating Factors - California does not allow for rating by tobacco status, thus these factors are not used.

The Calibrated Plan Adjusted Index Rates shown on URRT WS2 Section III represent the premium charged to a 21-year-old for each specific plan. Because the 21-year-old age factor is 1.000, rates for other ages are determined by multiplying the respective age factor by the Calibrated Plan Adjusted Index Rates.

The premium for family coverage is determined by summing the consumer adjusted premium rates for each individual family member, provided at most three child dependents under age 21 are taken into account.

EXHIBIT 13. PROJECTED LOSS RATIO

The projected loss ratio, excluding any premium taxes and fees, can be seen on Attachment 1.

EXHIBIT 14. AV METAL VALUES

The AV metal values included in Worksheet 2 are entirely based on the 2027 AV Calculator. Off-Exchange AV screenshots accompany this Actuarial Memorandum, where AVs for plans with infertility coverage are the same as the AVs for their standard plan counterparts. The AV Calculator methodology specifies that it is 'based on the provision of essential health benefits (EHB) to a standard population.' The added infertility benefits are not EHB and thus are outside the scope of the AVC. For the Covered California CCSB plans, we have relied on Covered California's AV determinations, which we understand to be based on the 2027 Federal AV Calculator with some adjustments.

EXHIBIT 15. MEMBERSHIP PROJECTIONS

The projected membership (as displayed in Worksheet 2, Section IV of the URRT) was determined in conjunction with SHP's staff. These projections are based on the proposed rate changes, projected competitive position, consideration of regulatory and economic changes, and SHP budgeted membership growth.

EXHIBIT 16. TERMINATED PLANS AND PRODUCTS

The plans shown in the table below with a HIOS Plan ID of "N/A" are not sold or renewed beginning in 2014, with the exception that existing Small Groups were able to renew on these plans (as "Transitional" plans) in December 2014 only. These transitional plans are no longer in the experience period on URRT WS2.

Effective December 31, 2019, SHP terminated Platinum HMO NG 5 (HIOS Plan IDs 0086 - 0089), Platinum HMO NG 6 (0094 - 0097), and Platinum HMO NG 9 (0119 - 0122). Additionally, SHP no longer offered HIOS Plan ID 0081, CalChoice Bronze C, beginning in 2017, and HIOS Plan ID 0107, Cal Choice Gold HMO NG 4, beginning in July 2018. HIOS Plan ID 0109, Cal Choice Bronze HDHP NG 5, was no longer offered beginning in January 2019.

Effective January 1, 2026, SHP updated the three-tier Rx benefit on all Off-Exchange Non-Mirrored HMO and POS plans (including CalChoice) to a four-tier structure with specialty Rx in its own tier. Because this is a change in cost-sharing structure, it is not considered a Uniform Modification of Coverage, and, therefore, all Off-Exchange Non-Mirrored plans within SHP's existing HMO (001) and POS (003) products have been terminated, replaced by new plans within new HMO (004) and POS (005) products. Every terminated plan maps to an identical four-digit HIOS plan ID within these new products. Because the "new" plans are replacements of existing plans, we have categorized them as "Renewing" and aligned the 12-month cumulative rate changes as well as current enrollment and premium with these plans so that the URRT product and submission weighted averages will effectively be unchanged. This aligns with the fact that SHP has renewed all groups on the existing 3-tier Rx plans onto the replacement 4-tier Rx plans. All terminated plans offered during the experience period are still included in the URRT with their corresponding historical experience, if applicable.

Table 16.1
Sharp Health Plan
Terminated Plans and Products

Terminated Plan					New Plan Mapping		
	HIOS		Plan	Offered in		HIOS	
Plan Name	Product ID	Plan ID	Type	Exp Pd	Plan Name	Product ID	Plan ID
4S10b, 4S10g, 4S10f, 4S10p	N/A	N/A	HMO	No	N/A	N/A	N/A
4S15b, 4S15g, 4S15f, 4S15p	N/A	N/A	HMO	No	N/A	N/A	N/A
4S20b, 4S20g, 4S20f, 4S20p	N/A	N/A	HMO	No	N/A	N/A	N/A
4S21b, 4S21g, 4S21f, 4S21p	N/A	N/A	HMO	No	N/A	N/A	N/A
4S30Vb, 4S30Vg, 4S30Vf, 4S30Vp	N/A	N/A	HMO	No	N/A	N/A	N/A
4S30VPb, 4S30VPg, 4S30VPf, 4S30VPp	N/A	N/A	HMO	No	N/A	N/A	N/A
4S40b, 4S40g, 4S40f, 4S40p	N/A	N/A	HMO	No	N/A	N/A	N/A
4D1b, 4D1g, 4D1f, 4D1p	N/A	N/A	HMO	No	N/A	N/A	N/A
4D2b, 4D2g, 4D2f, 4D2p	N/A	N/A	HMO	No	N/A	N/A	N/A
CC15b, CC15g, CS15b, CS15g	N/A	N/A	HMO	No	N/A	N/A	N/A
CC25b, CC25g, CS25b, CS25g	N/A	N/A	HMO	No	N/A	N/A	N/A
CC30b, CC30g, CS30b, CS30g	N/A	N/A	HMO	No	N/A	N/A	N/A
CC40b, CC40g, CS40b, CS40g	N/A	N/A	HMO	No	N/A	N/A	N/A
CalChoice Bronze C	001	0081	HMO	No	Cal Choice Bronze HDHP NG 3	001	0080
Cal Choice Gold HMO NG 4	001	0107	HMO	No	Cal Choice Gold HMO NG 5	001	0135
Cal Choice Bronze HDHP NG 5	001	0109	HMO	No	Cal Choice Bronze HDHP NG 3	001	0080
Platinum HMO NG 5 Premier	001	0086	HMO	No	Platinum HMO NG 3 Premier	001	0066
Platinum HMO NG 5 Performance	001	0087	HMO	No	Platinum HMO NG 3 Performance	001	0057
Platinum HMO NG 5 Value	001	0088	HMO	No	Platinum HMO NG 3 Value	001	0039
Platinum HMO NG 5 Choice	001	0089	HMO	No	Platinum HMO NG 3 Choice	001	0048
Platinum HMO NG 6 Premier	001	0094	HMO	No	Platinum HMO NG 4 Premier	001	0067
Platinum HMO NG 6 Performance	001	0095	HMO	No	Platinum HMO NG 4 Performance	001	0058
Platinum HMO NG 6 Value	001	0096	HMO	No	Platinum HMO NG 4 Value	001	0040
Platinum HMO NG 6 Choice	001	0097	HMO	No	Platinum HMO NG 4 Choice	001	0049
Platinum HMO NG 9 Premier	001	0119	HMO	No	Platinum HMO NG 1 Premier	001	0064
Platinum HMO NG 9 Performance	001	0120	HMO	No	Platinum HMO NG 1 Performance	001	0055
Platinum HMO NG 9 Value	001	0121	HMO	No	Platinum HMO NG 1 Value	001	0037
Platinum HMO NG 9 Choice	001	0122	HMO	No	Platinum HMO NG 1 Choice	001	0046
Platinum HMO NG 1 Value	001	0037	HMO	Yes	Platinum HMO NG 1 Value	004	0037
Platinum HMO NG 2 Value	001	0038	HMO	Yes	Platinum HMO NG 2 Value	004	0038
Platinum HMO NG 3 Value	001	0039	HMO	Yes	Platinum HMO NG 3 Value	004	0039
Platinum HMO NG 4 Value	001	0040	HMO	Yes	Platinum HMO NG 4 Value	004	0040
Gold HMO NG 1 Value	001	0041	HMO	Yes	Gold HMO NG 1 Value	004	0041
Gold HMO NG 2 Value	001	0042	HMO	Yes	Gold HMO NG 2 Value	004	0042
Gold HMO NG 3 Value	001	0043	HMO	Yes	Gold HMO NG 3 Value	004	0043
Gold HMO NG 6 Value	001	0044	HMO	Yes	Gold HMO NG 6 Value	004	0044
Silver HMO NG 1 Value	001	0045	HMO	Yes	Silver HMO NG 1 Value	004	0045
Platinum HMO NG 1 Choice	001	0046	HMO	Yes	Platinum HMO NG 1 Choice	004	0046
Platinum HMO NG 2 Choice	001	0047	HMO	Yes	Platinum HMO NG 2 Choice	004	0047
Platinum HMO NG 3 Choice	001	0048	HMO	Yes	Platinum HMO NG 3 Choice	004	0048
Platinum HMO NG 4 Choice	001	0049	HMO	Yes	Platinum HMO NG 4 Choice	004	0049
Gold HMO NG 1 Choice	001	0050	HMO	Yes	Gold HMO NG 1 Choice	004	0050
Gold HMO NG 2 Choice	001	0051	HMO	Yes	Gold HMO NG 2 Choice	004	0051
Gold HMO NG 3 Choice	001	0052	HMO	Yes	Gold HMO NG 3 Choice	004	0052

EXHIBIT 16. TERMINATED PLANS AND PRODUCTS

Terminated Plan					New Plan Mapping		
	HIOS		Plan	Offered in		HIOS	
Plan Name	Product ID	Plan ID	Type	Exp Pd	Plan Name	Product ID	Plan ID
Gold HMO NG 6 Choice	001	0053	HMO	Yes	Gold HMO NG 6 Choice	004	0053
Silver HMO NG 1 Choice	001	0054	HMO	Yes	Silver HMO NG 1 Choice	004	0054
Platinum HMO NG 1 Performance	001	0055	HMO	Yes	Platinum HMO NG 1 Performance	004	0055
Platinum HMO NG 2 Performance	001	0056	HMO	Yes	Platinum HMO NG 2 Performance	004	0056
Platinum HMO NG 3 Performance	001	0057	HMO	Yes	Platinum HMO NG 3 Performance	004	0057
Platinum HMO NG 4 Performance	001	0058	HMO	Yes	Platinum HMO NG 4 Performance	004	0058
Gold HMO NG 1 Performance	001	0059	HMO	Yes	Gold HMO NG 1 Performance	004	0059
Gold HMO NG 2 Performance	001	0060	HMO	Yes	Gold HMO NG 2 Performance	004	0060
Gold HMO NG 3 Performance	001	0061	HMO	Yes	Gold HMO NG 3 Performance	004	0061
Gold HMO NG 6 Performance	001	0062	HMO	Yes	Gold HMO NG 6 Performance	004	0062
Silver HMO NG 1 Performance	001	0063	HMO	Yes	Silver HMO NG 1 Performance	004	0063
Platinum HMO NG 1 Premier	001	0064	HMO	Yes	Platinum HMO NG 1 Premier	004	0064
Platinum HMO NG 2 Premier	001	0065	HMO	Yes	Platinum HMO NG 2 Premier	004	0065
Platinum HMO NG 3 Premier	001	0066	HMO	Yes	Platinum HMO NG 3 Premier	004	0066
Platinum HMO NG 4 Premier	001	0067	HMO	Yes	Platinum HMO NG 4 Premier	004	0067
Gold HMO NG 1 Premier	001	0068	HMO	Yes	Gold HMO NG 1 Premier	004	0068
Gold HMO NG 2 Premier	001	0069	HMO	Yes	Gold HMO NG 2 Premier	004	0069
Gold HMO NG 3 Premier	001	0070	HMO	Yes	Gold HMO NG 3 Premier	004	0070
Gold HMO NG 6 Premier	001	0071	HMO	Yes	Gold HMO NG 6 Premier	004	0071
Silver HMO NG 1 Premier	001	0072	HMO	Yes	Silver HMO NG 1 Premier	004	0072
Cal Choice Platinum HMO NG 1	001	0073	HMO	Yes	Cal Choice Platinum HMO NG 1	004	0073
Cal Choice Platinum HMO NG 2	001	0074	HMO	Yes	Cal Choice Platinum HMO NG 2	004	0074
Cal Choice Gold HMO NG 3	001	0075	HMO	Yes	Cal Choice Gold HMO NG 3	004	0075
Cal Choice Gold HMO NG 2	001	0076	HMO	Yes	Cal Choice Gold HMO NG 2	004	0076
Cal Choice Silver HMO NG 1	001	0077	HMO	Yes	Cal Choice Silver HMO NG 1	004	0077
Cal Choice Silver HMO NG 2	001	0078	HMO	Yes	Cal Choice Silver HMO NG 2	004	0078
Cal Choice Bronze HMO NG 2	001	0079	HMO	Yes	Cal Choice Bronze HMO NG 2	004	0079
Cal Choice Bronze HDHP NG 3	001	0080	HMO	Yes	Cal Choice Bronze HDHP NG 3	004	0080
Platinum HMO NG 8 Premier	001	0082	HMO	Yes	Platinum HMO NG 8 Premier	004	0082
Platinum HMO NG 8 Performance	001	0083	HMO	Yes	Platinum HMO NG 8 Performance	004	0083
Platinum HMO NG 8 Value	001	0084	HMO	Yes	Platinum HMO NG 8 Value	004	0084
Platinum HMO NG 8 Choice	001	0085	HMO	Yes	Platinum HMO NG 8 Choice	004	0085
Platinum HMO NG 7 Premier	001	0090	HMO	Yes	Platinum HMO NG 7 Premier	004	0090
Platinum HMO NG 7 Performance	001	0091	HMO	Yes	Platinum HMO NG 7 Performance	004	0091
Platinum HMO NG 7 Value	001	0092	HMO	Yes	Platinum HMO NG 7 Value	004	0092
Platinum HMO NG 7 Choice	001	0093	HMO	Yes	Platinum HMO NG 7 Choice	004	0093
Gold HMO NG 5 Premier	001	0098	HMO	Yes	Gold HMO NG 5 Premier	004	0098
Gold HMO NG 5 Performance	001	0099	HMO	Yes	Gold HMO NG 5 Performance	004	0099
Gold HMO NG 5 Value	001	0100	HMO	Yes	Gold HMO NG 5 Value	004	0100
Gold HMO NG 5 Choice	001	0101	HMO	Yes	Gold HMO NG 5 Choice	004	0101
Gold HMO NG 4 Premier	001	0102	HMO	Yes	Gold HMO NG 4 Premier	004	0102
Gold HMO NG 4 Performance	001	0103	HMO	Yes	Gold HMO NG 4 Performance	004	0103
Gold HMO NG 4 Value	001	0104	HMO	Yes	Gold HMO NG 4 Value	004	0104
Gold HMO NG 4 Choice	001	0105	HMO	Yes	Gold HMO NG 4 Choice	004	0105
Cal Choice Platinum HMO NG 3	001	0106	HMO	Yes	Cal Choice Platinum HMO NG 3	004	0106
Cal Choice Silver HMO NG 3	001	0108	HMO	Yes	Cal Choice Silver HMO NG 3	004	0108
Gold HMO NG 7 Premier	001	0123	HMO	Yes	Gold HMO NG 7 Premier	004	0123
Gold HMO NG 7 Performance	001	0124	HMO	Yes	Gold HMO NG 7 Performance	004	0124
Gold HMO NG 7 Value	001	0125	HMO	Yes	Gold HMO NG 7 Value	004	0125
Gold HMO NG 7 Choice	001	0126	HMO	Yes	Gold HMO NG 7 Choice	004	0126
Silver HMO NG 2 Premier	001	0127	HMO	Yes	Silver HMO NG 2 Premier	004	0127
Silver HMO NG 2 Performance	001	0128	HMO	Yes	Silver HMO NG 2 Performance	004	0128
Silver HMO NG 2 Value	001	0129	HMO	Yes	Silver HMO NG 2 Value	004	0129
Silver HMO NG 2 Choice	001	0130	HMO	Yes	Silver HMO NG 2 Choice	004	0130
Bronze HDHP NG 1 Premier	001	0131	HMO	Yes	Bronze HDHP NG 1 Premier	004	0131
Bronze HDHP NG 1 Performance	001	0132	HMO	Yes	Bronze HDHP NG 1 Performance	004	0132
Bronze HDHP NG 1 Value	001	0133	HMO	Yes	Bronze HDHP NG 1 Value	004	0133
Bronze HDHP NG 1 Choice	001	0134	HMO	Yes	Bronze HDHP NG 1 Choice	004	0134
Cal Choice Gold HMO NG 5	001	0135	HMO	Yes	Cal Choice Gold HMO NG 5	004	0135
Platinum POS NG 1	003	0136	POS	Yes	Platinum POS NG 1	005	0136
Gold POS NG 1	003	0137	POS	Yes	Gold POS NG 1	005	0137
Silver POS NG 1	003	0138	POS	Yes	Silver POS NG 1	005	0138
Platinum HMO NG WOW 1 Premier	001	0139	HMO	Yes	Platinum HMO NG WOW 1 Premier	004	0139
Platinum HMO NG WOW 1 Performance	001	0140	HMO	Yes	Platinum HMO NG WOW 1 Performance	004	0140
Platinum HMO NG WOW 1 Value	001	0141	HMO	Yes	Platinum HMO NG WOW 1 Value	004	0141
Platinum HMO NG WOW 1 Choice	001	0142	HMO	Yes	Platinum HMO NG WOW 1 Choice	004	0142

EXHIBIT 16. TERMINATED PLANS AND PRODUCTS

Terminated Plan					New Plan Mapping		
	HIOS		Plan	Offered in		HIOS	
Plan Name	Product ID	Plan ID	Type	Exp Pd	Plan Name	Product ID	Plan ID
Gold HMO NG WOW 1 Premier	001	0143	HMO	Yes	Gold HMO NG WOW 1 Premier	004	0143
Gold HMO NG WOW 1 Performance	001	0144	HMO	Yes	Gold HMO NG WOW 1 Performance	004	0144
Gold HMO NG WOW 1 Value	001	0145	HMO	Yes	Gold HMO NG WOW 1 Value	004	0145
Gold HMO NG WOW 1 Choice	001	0146	HMO	Yes	Gold HMO NG WOW 1 Choice	004	0146
Silver HMO NG WOW 1 Premier	001	0147	HMO	Yes	Silver HMO NG WOW 1 Premier	004	0147
Silver HMO NG WOW 1 Performance	001	0148	HMO	Yes	Silver HMO NG WOW 1 Performance	004	0148
Silver HMO NG WOW 1 Value	001	0149	HMO	Yes	Silver HMO NG WOW 1 Value	004	0149
Silver HMO NG WOW 1 Choice	001	0150	HMO	Yes	Silver HMO NG WOW 1 Choice	004	0150
Bronze HMO NG WOW 1 Premier	001	0151	HMO	Yes	Bronze HMO NG WOW 1 Premier	004	0151
Bronze HMO NG WOW 1 Performance	001	0152	HMO	Yes	Bronze HMO NG WOW 1 Performance	004	0152
Bronze HMO NG WOW 1 Value	001	0153	HMO	Yes	Bronze HMO NG WOW 1 Value	004	0153
Bronze HMO NG WOW 1 Choice	001	0154	HMO	Yes	Bronze HMO NG WOW 1 Choice	004	0154
Platinum HMO NG 1 Value INF	001	1037	HMO	Yes	Platinum HMO NG 1 Value INF	004	1037
Platinum HMO NG 2 Value INF	001	1038	HMO	Yes	Platinum HMO NG 2 Value INF	004	1038
Platinum HMO NG 3 Value INF	001	1039	HMO	Yes	Platinum HMO NG 3 Value INF	004	1039
Platinum HMO NG 4 Value INF	001	1040	HMO	Yes	Platinum HMO NG 4 Value INF	004	1040
Gold HMO NG 1 Value INF	001	1041	HMO	Yes	Gold HMO NG 1 Value INF	004	1041
Gold HMO NG 2 Value INF	001	1042	HMO	Yes	Gold HMO NG 2 Value INF	004	1042
Gold HMO NG 3 Value INF	001	1043	HMO	Yes	Gold HMO NG 3 Value INF	004	1043
Gold HMO NG 6 Value INF	001	1044	HMO	Yes	Gold HMO NG 6 Value INF	004	1044
Silver HMO NG 1 Value INF	001	1045	HMO	Yes	Silver HMO NG 1 Value INF	004	1045
Platinum HMO NG 1 Choice INF	001	1046	HMO	Yes	Platinum HMO NG 1 Choice INF	004	1046
Platinum HMO NG 2 Choice INF	001	1047	HMO	Yes	Platinum HMO NG 2 Choice INF	004	1047
Platinum HMO NG 3 Choice INF	001	1048	HMO	Yes	Platinum HMO NG 3 Choice INF	004	1048
Platinum HMO NG 4 Choice INF	001	1049	HMO	Yes	Platinum HMO NG 4 Choice INF	004	1049
Gold HMO NG 1 Choice INF	001	1050	HMO	Yes	Gold HMO NG 1 Choice INF	004	1050
Gold HMO NG 2 Choice INF	001	1051	HMO	Yes	Gold HMO NG 2 Choice INF	004	1051
Gold HMO NG 3 Choice INF	001	1052	HMO	Yes	Gold HMO NG 3 Choice INF	004	1052
Gold HMO NG 6 Choice INF	001	1053	HMO	Yes	Gold HMO NG 6 Choice INF	004	1053
Silver HMO NG 1 Choice INF	001	1054	HMO	Yes	Silver HMO NG 1 Choice INF	004	1054
Platinum HMO NG 1 Performance INF	001	1055	HMO	Yes	Platinum HMO NG 1 Performance INF	004	1055
Platinum HMO NG 2 Performance INF	001	1056	HMO	Yes	Platinum HMO NG 2 Performance INF	004	1056
Platinum HMO NG 3 Performance INF	001	1057	HMO	Yes	Platinum HMO NG 3 Performance INF	004	1057
Platinum HMO NG 4 Performance INF	001	1058	HMO	Yes	Platinum HMO NG 4 Performance INF	004	1058
Gold HMO NG 1 Performance INF	001	1059	HMO	Yes	Gold HMO NG 1 Performance INF	004	1059
Gold HMO NG 2 Performance INF	001	1060	HMO	Yes	Gold HMO NG 2 Performance INF	004	1060
Gold HMO NG 3 Performance INF	001	1061	HMO	Yes	Gold HMO NG 3 Performance INF	004	1061
Gold HMO NG 6 Performance INF	001	1062	HMO	Yes	Gold HMO NG 6 Performance INF	004	1062
Silver HMO NG 1 Performance INF	001	1063	HMO	Yes	Silver HMO NG 1 Performance INF	004	1063
Platinum HMO NG 1 Premier INF	001	1064	HMO	Yes	Platinum HMO NG 1 Premier INF	004	1064
Platinum HMO NG 2 Premier INF	001	1065	HMO	Yes	Platinum HMO NG 2 Premier INF	004	1065
Platinum HMO NG 3 Premier INF	001	1066	HMO	Yes	Platinum HMO NG 3 Premier INF	004	1066
Platinum HMO NG 4 Premier INF	001	1067	HMO	Yes	Platinum HMO NG 4 Premier INF	004	1067
Gold HMO NG 1 Premier INF	001	1068	HMO	Yes	Gold HMO NG 1 Premier INF	004	1068
Gold HMO NG 2 Premier INF	001	1069	HMO	Yes	Gold HMO NG 2 Premier INF	004	1069
Gold HMO NG 3 Premier INF	001	1070	HMO	Yes	Gold HMO NG 3 Premier INF	004	1070
Gold HMO NG 6 Premier INF	001	1071	HMO	Yes	Gold HMO NG 6 Premier INF	004	1071
Silver HMO NG 1 Premier INF	001	1072	HMO	Yes	Silver HMO NG 1 Premier INF	004	1072
Cal Choice Platinum HMO NG 1 INF	001	1073	HMO	Yes	Cal Choice Platinum HMO NG 1 INF	004	1073
Cal Choice Platinum HMO NG 2 INF	001	1074	HMO	Yes	Cal Choice Platinum HMO NG 2 INF	004	1074
Cal Choice Gold HMO NG 3 INF	001	1075	HMO	Yes	Cal Choice Gold HMO NG 3 INF	004	1075
Cal Choice Gold HMO NG 2 INF	001	1076	HMO	Yes	Cal Choice Gold HMO NG 2 INF	004	1076
Cal Choice Silver HMO NG 1 INF	001	1077	HMO	Yes	Cal Choice Silver HMO NG 1 INF	004	1077
Cal Choice Silver HMO NG 2 INF	001	1078	HMO	Yes	Cal Choice Silver HMO NG 2 INF	004	1078
Cal Choice Bronze HMO NG 2 INF	001	1079	HMO	Yes	Cal Choice Bronze HMO NG 2 INF	004	1079
Cal Choice Bronze HDHP NG 3 INF	001	1080	HMO	Yes	Cal Choice Bronze HDHP NG 3 INF	004	1080
Platinum HMO NG 8 Premier INF	001	1082	HMO	Yes	Platinum HMO NG 8 Premier INF	004	1082
Platinum HMO NG 8 Performance INF	001	1083	HMO	Yes	Platinum HMO NG 8 Performance INF	004	1083
Platinum HMO NG 8 Value INF	001	1084	HMO	Yes	Platinum HMO NG 8 Value INF	004	1084
Platinum HMO NG 8 Choice INF	001	1085	HMO	Yes	Platinum HMO NG 8 Choice INF	004	1085
Platinum HMO NG 7 Premier INF	001	1090	HMO	Yes	Platinum HMO NG 7 Premier INF	004	1090
Platinum HMO NG 7 Performance INF	001	1091	HMO	Yes	Platinum HMO NG 7 Performance INF	004	1091
Platinum HMO NG 7 Value INF	001	1092	HMO	Yes	Platinum HMO NG 7 Value INF	004	1092
Platinum HMO NG 7 Choice INF	001	1093	HMO	Yes	Platinum HMO NG 7 Choice INF	004	1093
Gold HMO NG 5 Premier INF	001	1098	HMO	Yes	Gold HMO NG 5 Premier INF	004	1098
Gold HMO NG 5 Performance INF	001	1099	HMO	Yes	Gold HMO NG 5 Performance INF	004	1099

EXHIBIT 16. TERMINATED PLANS AND PRODUCTS

Terminated Plan			Plan Type	Offered in Exp Pd	New Plan Mapping		
	HIOS					HIOS	
Plan Name	Product ID	Plan ID			Plan Name	Product ID	Plan ID
Gold HMO NG 5 Value INF	001	1100	HMO	Yes	Gold HMO NG 5 Value INF	004	1100
Gold HMO NG 5 Choice INF	001	1101	HMO	Yes	Gold HMO NG 5 Choice INF	004	1101
Gold HMO NG 4 Premier INF	001	1102	HMO	Yes	Gold HMO NG 4 Premier INF	004	1102
Gold HMO NG 4 Performance INF	001	1103	HMO	Yes	Gold HMO NG 4 Performance INF	004	1103
Gold HMO NG 4 Value INF	001	1104	HMO	Yes	Gold HMO NG 4 Value INF	004	1104
Gold HMO NG 4 Choice INF	001	1105	HMO	Yes	Gold HMO NG 4 Choice INF	004	1105
Cal Choice Platinum HMO NG 3 INF	001	1106	HMO	Yes	Cal Choice Platinum HMO NG 3 INF	004	1106
Cal Choice Silver HMO NG 3 INF	001	1108	HMO	Yes	Cal Choice Silver HMO NG 3 INF	004	1108
Gold HMO NG 7 Premier INF	001	1123	HMO	Yes	Gold HMO NG 7 Premier INF	004	1123
Gold HMO NG 7 Performance INF	001	1124	HMO	Yes	Gold HMO NG 7 Performance INF	004	1124
Gold HMO NG 7 Value INF	001	1125	HMO	Yes	Gold HMO NG 7 Value INF	004	1125
Gold HMO NG 7 Choice INF	001	1126	HMO	Yes	Gold HMO NG 7 Choice INF	004	1126
Silver HMO NG 2 Premier INF	001	1127	HMO	Yes	Silver HMO NG 2 Premier INF	004	1127
Silver HMO NG 2 Performance INF	001	1128	HMO	Yes	Silver HMO NG 2 Performance INF	004	1128
Silver HMO NG 2 Value INF	001	1129	HMO	Yes	Silver HMO NG 2 Value INF	004	1129
Silver HMO NG 2 Choice INF	001	1130	HMO	Yes	Silver HMO NG 2 Choice INF	004	1130
Bronze HDHP NG 1 Premier INF	001	1131	HMO	Yes	Bronze HDHP NG 1 Premier INF	004	1131
Bronze HDHP NG 1 Performance INF	001	1132	HMO	Yes	Bronze HDHP NG 1 Performance INF	004	1132
Bronze HDHP NG 1 Value INF	001	1133	HMO	Yes	Bronze HDHP NG 1 Value INF	004	1133
Bronze HDHP NG 1 Choice INF	001	1134	HMO	Yes	Bronze HDHP NG 1 Choice INF	004	1134
Cal Choice Gold HMO NG 5 INF	001	1135	HMO	Yes	Cal Choice Gold HMO NG 5 INF	004	1135
Platinum POS NG 1 INF	003	1136	POS	Yes	Platinum POS NG 1 INF	005	1136
Gold POS NG 1 INF	003	1137	POS	Yes	Gold POS NG 1 INF	005	1137
Silver POS NG 1 INF	003	1138	POS	Yes	Silver POS NG 1 INF	005	1138
Platinum HMO NG WOW 1 Premier INF	001	1139	HMO	Yes	Platinum HMO NG WOW 1 Premier INF	004	1139
Platinum HMO NG WOW 1 Performance INF	001	1140	HMO	Yes	Platinum HMO NG WOW 1 Performance INF	004	1140
Platinum HMO NG WOW 1 Value INF	001	1141	HMO	Yes	Platinum HMO NG WOW 1 Value INF	004	1141
Platinum HMO NG WOW 1 Choice INF	001	1142	HMO	Yes	Platinum HMO NG WOW 1 Choice INF	004	1142
Gold HMO NG WOW 1 Premier INF	001	1143	HMO	Yes	Gold HMO NG WOW 1 Premier INF	004	1143
Gold HMO NG WOW 1 Performance INF	001	1144	HMO	Yes	Gold HMO NG WOW 1 Performance INF	004	1144
Gold HMO NG WOW 1 Value INF	001	1145	HMO	Yes	Gold HMO NG WOW 1 Value INF	004	1145
Gold HMO NG WOW 1 Choice INF	001	1146	HMO	Yes	Gold HMO NG WOW 1 Choice INF	004	1146
Silver HMO NG WOW 1 Premier INF	001	1147	HMO	Yes	Silver HMO NG WOW 1 Premier INF	004	1147
Silver HMO NG WOW 1 Performance INF	001	1148	HMO	Yes	Silver HMO NG WOW 1 Performance INF	004	1148
Silver HMO NG WOW 1 Value INF	001	1149	HMO	Yes	Silver HMO NG WOW 1 Value INF	004	1149
Silver HMO NG WOW 1 Choice INF	001	1150	HMO	Yes	Silver HMO NG WOW 1 Choice INF	004	1150
Bronze HMO NG WOW 1 Premier INF	001	1151	HMO	Yes	Bronze HMO NG WOW 1 Premier INF	004	1151
Bronze HMO NG WOW 1 Performance INF	001	1152	HMO	Yes	Bronze HMO NG WOW 1 Performance INF	004	1152
Bronze HMO NG WOW 1 Value INF	001	1153	HMO	Yes	Bronze HMO NG WOW 1 Value INF	004	1153
Bronze HMO NG WOW 1 Choice INF	001	1154	HMO	Yes	Bronze HMO NG WOW 1 Choice INF	004	1154

EXHIBIT 17. PLAN TYPE

There are no differences between the plans of SHP and the plan type selected in the drop-down box in Worksheet 2, Section I of the URRT.

SHP offers HMO and POS plans.

EXHIBIT 18. EFFECTIVE RATE REVIEW INFORMATION (OPTIONAL)

Not applicable.

EXHIBIT 19. RELIANCE

In performing this analysis, I relied on data and other information provided by SHP. I have not audited or verified this data and other information. If the underlying data or information is inaccurate or incomplete, the results of our analysis may likewise be inaccurate or incomplete.

I performed a limited review of the data used directly in the analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent. Such a review was beyond the scope of the assignment.

Lastly, we relied upon Covered California's Actuarial Value determinations for the CCSB/Mirrored Standard plans.

A data reliance letter is attached to this rate submission.

EXHIBIT 20. ACTUARIAL CERTIFICATION

I am a Principal and Consulting Actuary with the firm of Milliman, Inc. Sharp Health Plan engaged me to provide the opinion herein.

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. I am a member of the American Academy of Actuaries, and I meet its qualification standards to perform the analysis and render the actuarial opinion contained herein.

I certify to the best of my knowledge and judgment:

1. The projected Index Rate is
    - In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.80 and 147.102)
    - Developed in compliance with the applicable Actuarial Standards of Practice
    - Reasonable in relation to the benefits provided and the population anticipated to be covered
    - Neither excessive nor deficient based on my best estimates of the 2027 small group market.
2. The index rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates.
3. The geographic rating factors shown in Worksheet 3 of the URRT reflect only differences in the cost of delivery, and do not include differences for population morbidity by geographic area.
4. The CMS Actuarial Value Calculator was used to determine the AV Metal Values shown in Worksheet 2, Section I of the URRT for all plans.

The URRT does not demonstrate the process used to develop proposed premium rates. It is representative of information required by Federal regulation to be provided in support of the review of rate increases, for certification of qualified health plans and for certification that the Index Rate is developed in accordance with Federal regulation and used consistently and only adjusted by the allowable modifiers.

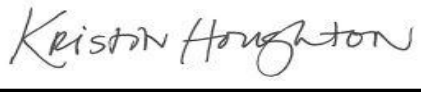
The premium rates in this actuarial memorandum are contingent upon the status of the ACA statutes and regulations including any regulatory guidance, court decisions, or otherwise. Changes have the potential to greatly impact the premium rates provided in this Actuarial Memorandum. Changes include, but are not limited to, any legislative or regulatory amendments, court decisions, or decisions by Congress, the Health and Human Services Secretary, or the Centers for Medicare and Medicaid Services director.

The information provided in this actuarial memorandum is in support of the items illustrated in the URRT and does not provide an actuarial opinion regarding the process used to develop proposed premium rates. It does certify that rates were developed in accordance with applicable regulations, as noted.

Milliman has developed certain models to estimate the values included in this rate filing. The intent of the models was to estimate the future cost of SHP's SG NGF block of business. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice (ASOP). The models, including all input, calculations, and output may not be appropriate for any other purpose.

EXHIBIT 20. ACTUARIAL CERTIFICATION

Differences between the projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience.

Signed: 

Name: Kristin Houghton, FSA, MAAA

Title: Principal and Consulting Actuary

Date: July 9, 2026

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DATA RELIANCE

Sharp Health Plan

Data and Information Relating to the Development of Small Group Non-Grandfathered Rates Effective 1/1/2027

I, Summer Lee, VP and CFO, Sharp Health Plan, hereby affirm that the data and information prepared for and submitted to Kristin Houghton of Milliman, Inc., were prepared under my direction and, to the best of my knowledge and belief, are accurate and complete. I hereby affirm that the following items are accurately stated, to the best of my knowledge and belief.

- Claims information including incurred dates, paid dates, and amounts paid
- Historical and projected capitation rates and contracts
- Membership information including age, gender, dependent type, benefit plan, and selected primary medical group
- Group information including selected provider network
- Medical and pharmacy benefits available to small groups
- Reinsurance contract information, including attachment points and reinsurance levels
- Prescription drug rebate amounts
- Incurred But Not Paid (IBNP) estimates
- Guidance on projected medical fee-for-service and pharmacy trends
- Commission rates, administrative rates, and margin
- Projected membership changes
- Other items provided by Sharp Health Plan and pertinent to the Small Group Non-Grandfathered rate development, including information from Covered California

DocuSigned by:
Summer Lee
CB65BC31C9E14ED...

Summer Lee
Vice President, Chief Financial Officer
Sharp Health Plan
8520 Tech Way, Suite 200
San Diego, CA 92123

6/29/2026
Date