Balance by CCHP
Rate Justification for QHP Plans
Individual Plans
Rate Change Effective January 1, 2026

Balance by CCHP is proposing an average rate increase of 9.5%. Rate increases range from 5.8% to 11.3% 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. Area factors are unchanged between 2025 and 2026.

Appendix 1 of the Part III Actuarial Memorandum contains a detailed build-up of the proposed rate increase. This appendix illustrates the development of our proposed index rate, starting from 2024 experience data. This index rate supports our proposed rate change. Below is a high-level discussion of adjustments to the 2024 experience period.

Table 2.1 summarizes proposed rate increases by product:

Table 2.1 Balance by CCHP 2026 Summary of Proposed Rate Increases		
	San Francisco	**San Mateo**
Platinum 90 HMO	11.3%	11.3%
Gold 80 HMO	11.3%	11.3%
Silver 70 HMO	6.1%	6.1%
Silver 70 Off-Exchange HMO	6.1%	6.1%
Bronze 60 HMO	11.1%	11.1%
Minimum Coverage HMO	5.8%	5.8%
Bronze 60 HDHP HMO	10.9%	10.9%
Jade 15 HMO Platinum	11.1%	11.1%
Amber 50 HMO Silver	5.8%	5.8%
ActiveChoice PPO Silver	5.8%	5.8%
Total	**9.5%**	

Table 2.2 summarizes the main drivers behind rate changes from the 2025 rate to the 2026 projection period:

Table 2.2 Balance by CCHP Rate Change Key Drivers	
Change from 2025 to 2026	**Rate Change**
1. Change in starting allowed costs	39.5%
2. Change in utilization and unit cost trends	4.9%
3. Change in projected benefits	-3.0%
4. Change in projected morbidity	-28.2%
5. Change in projected area mix	0.0%
6. Change in projected age mix	-2.9%
7. Change in non-benefit expenses (e.g., HIPF, admin, commissions)	-2.0%
8. Change in projected risk adjustment transfer	1.2%
Total Rate Change	**9.5%**

Each of the drivers is explained in more detail below:

1. **Change in starting allowed costs**

   Starting costs increased 39.5% from 2025 to 2026.

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. Below are the percentage increases for these changes. The 2024 to 2025 and 2025 to 2026 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 Balance by CCHP Annualized Allowed Claim Trends				
Service Type	**Underlying Unit Cost**		**Utilization**	
	2024 to 2025	**2025 to 2026**	**2024 to 2025**	**2025 to 2026**
Inpatient Hospital	5.8%	1.3%	1.0%	1.0%
Outpatient Hospital	4.7%	0.6%	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	15.6%	15.6%	6.7%	6.7%
Total	**6.4%**	**3.4%**	**2.0%**	**2.0%**

The capitation adjustment was derived by projecting category-of-service-level PMPMs by medical group from 2024 into 2026. 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 of the Part III Actuarial Memorandum.

3. Change in projected benefits

Effective January 1, 2026, benefits have changed based on state requirements and business decisions. Changes were made to deductibles, maximum out of pocket payments, and PCP and specialist copays. The following table describes notable changes in benefits between 2025 and 2026. The highlighted cells indicate a benefit change.

Table 2.4 Balance by CCHP Select Benefit Plan Changes						
	Deductible (Combined or Med/Rx)		MOOP		PCP Copay	
Plan Name	2025	2026	2025	2026	2025	2026
Platinum Copay Plan	$0	$0	$4,500	$5,000	$15	$15
Gold Copay Plan	$0	$0	$8,700	$9,200	$35	$40
Silver Copay Plan Ind	$5,400/$50	$5,200/$50	$8,700	$9,800	$50	$50
Silver CSR Plan 100%-150% FPL	$0	$0	$1,300	$1,400	$5	$5
Silver CSR Plan 150%-200% FPL	$1,400/$350	$1,400/$50	$3,050	$3,350	$15	$15
Silver CSR Plan 200%-250% FPL	$5,400/$350	$5,200/$50	$7,350	$8,100	$35	$50
Bronze Plan	$5,800/$450	$5,800/$450	$8,850	$9,800	$60	$60
Bronze HDHP	$6,650	$7,200	$6,650	$7,200	$0	$0
Catastrophic Plan	$9,200	$9,200	$9,200	$9,200	$0	$0
Jade 15	$0	$0	$3,000	$3,000	$15	$15
Amber	$2,750/$275	$2,750/$275	$7,500	$7,500	$0	$0
Active Choice	$2,500	$2,500	$7,700	$7,700	$0	$0

Cost-sharing Reductions (CSRs) are not expected to be funded by the federal government in 2026. With the exception of the non-mirrored Off-Exchange Silver plan, the standard Silver 70 plan is loaded with an additional 8.0% of premium, referred to as the 'CSR Surcharge', which accounts for the additional plan liability arising from the non-funding of CSRs. This additional premium reflects the anticipated plan liabilities, after CSRs, for the anticipated mix of enrollees by CSR variant in CCHP's Silver plans.

Changes in benefits and plan mix have resulted in an aggregate utilization adjustment of 0.976 from 2024 to 2026, as shown in Worksheet 1, Section II of the URRT.

4. Change in projected morbidity

We project a -28.2% overall decrease in morbidity for CCHP's risk pool between 2024 and 2026 (two year, not annual) due to unusually high cost claims experience which is not expected to continue into 2026 and an anticipated change in the distribution of members using capitated providers.

5. Change in projected area mix

We project a 0.0% change in membership mix by area between 2025 and 2026.

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 0.973, 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 of the Part III Actuarial Memorandum.

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

Appendix 2 details the non-claims expenses contained in the proposed rate increase. Administrative expense assumptions are expected to be lower in 2026 as compared to 2025. CCHP performed a detailed assessment of 2024 expenses and projected them to 2026.

8. Change in projected risk adjustment transfer

The development of the risk adjustment transfer payment is discussed in Exhibit 9 of the Part III Actuarial Memorandum.