

Rate Increase Justification

Today's Date: August 28, 2026

Issuer: Delta Dental

Rate Change Effective Date: 1/1/2027

Market: Individual

1. **Scope and range of the rate increase** — *Provide the number of individuals impacted by the rate increase. Explain any variation in the increase among affected individuals (e.g., describe how any changes to the rating structure impact premium).*

Premium rate changes for Affordable Care Act-compliant Individual Market dental insurance plans for the 2027 plan year include an annual rate increase of 8.4% percent applicable to both Pediatric and Adult rates for the Family Dental HMO Preferred Plan.

2. **Financial experience of the product** — *Describe the overall financial experience of the product, including historical summary-level information on historical premium revenue, claims expenses, and profit. Discuss how the rate increase will affect the projected financial experience of the product.*

The primary driver of the overall premium increase was an analysis of the cost of dental care specific to our CA DHMO ACA line of business in recent experience combined with forward-looking assumptions regarding changes in members' utilization and provider compensation. The proposed rate increase is not driven by changes in target margin or admin assumptions, which remain consistent with prior years.

3. **Changes in Medical Service Costs** — *Describe how changes in medical service costs are contributing to the overall rate increase. Discuss cost and utilization changes as well as any other relevant factors that are impacting overall service costs.*

The proposed rate adjustment reflects expected changes in the projected cost of providing dental benefits to Covered California members.

The projected claim cost changes reflect expected developments in the dental care environment, including changes in utilization patterns, treatment costs, and other factors affecting the cost of covered services. The rate adjustment also reflects assumptions intended to support continued access to participating providers and the delivery of dental benefits to members.

4. **Changes in benefits** — *Describe any changes in benefits and explain how benefit changes affect the rate increase. Issuers should explain whether the applicable benefit changes are required by law.*

There are no benefit changes anticipated for PY 2027

5. **Administrative costs and anticipated margins** — *Identify the main drivers of changes in administrative costs. Discuss how changes in anticipated administrative costs and underwriting gain/loss are impacting the rate increase.*

There are no material changes in administrative cost assumptions for PY 2027