Rate Increase Justification

Today's Date: July 24, 2026

Issuer: Inland Empire Health Plan (HIOS Issuer ID 51396)

Rate Change Effective Date: January 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).*

   The purpose of this memorandum is to request a rate increase effective January 1, 2027 for Inland Empire Health Plan's (IEHP) individual market plans.

   This justification is intended to comply with the requirements of CMS, the State of California Department of Managed Health Care (DMHC) and Covered California. 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 IEHP's individual market plans impacts 521,581 member months. The composite requested rate increase from 2025 to 2026 is 5.62% across all members.

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.*

   In 2025, IEHP collected $290.4 million in premium, incurred $212.2 million in net claim expenses, and paid $44.5 million in federal risk adjustment payments, resulting in an 86.30% loss ratio for its individual market plans as shown in URRT WS2.

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.*

   Medical and prescription drug costs are expected to increase by 8.4%, influenced by anticipated changes in enrollment, average duration, plan mix, and other relevant factors. Further details are provided in Table 2.1 of the Part III Actuarial Memorandum.

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.*

   IEHP made various changes to comply with the 2027 California standard plan designs and to account for increased induced demand associated with the state-funded enhanced Silver cost-sharing. In aggregate, the impact on rates due to benefit changes was about 5.0% in reduction of allowed claim cost due to termination of CA enhanced CSR benefits.

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.*

   IEHP's anticipated admin cost and margin remains largely unchanged from the 2026 filing. Details are provided in Table 2.1 of the Part III Actuarial Memorandum.