

## ConnectiCare Benefits, Inc.

### Part II: Written Description Justifying the Rate Increase

#### GENERAL INFORMATION

As of March 2025, ConnectiCare Benefits, Inc. (CBI) has about 69,500 members enrolled in plans subject to requested rate increases. For 2026, CBI's average requested rate increase is 21.7% across all benefit plans. The minimum rate increase requested is 4.7% and the maximum rate increase requested is 26.7%.

#### SCOPE AND RANGE OF RATE INCREASES

Table 1 summarizes the significant factors driving the proposed composite rate change effective January 1, 2026. The Primary factors influencing the rate change are:

- Emerging claims experience
- Expected future medical inflation and utilization changes
- Changes in cost sharing levels to ensure that plans comply with the Health and Human Services (HHS) Actuarial Value (AV) metallic requirements
- Change in cost-sharing-reduction (CSR) load
- Change in the mix of business
- Demographic and geographic changes
- Anticipated risk adjustment transfers
- Changes in retention

Table 1 ConnectiCare Benefits, Inc. Rate Change Components	
Category	Value
Adjusted Experience	9.5%
Trend	7.6%
Benefit Updates	6.6%
Demographics	-0.4%
Geography	0.4%
Risk Adjustment	-2.3%
Retention	-0.9%
<b>Total (multiplicative adjustments)</b>	<b>21.7%</b>

Most of the rate increase is attributable to updating experience from 2023 to 2024 and applying trend. Another key component of the rate change is due to benefit levels, particularly plan design and enrollment mix updates. URRT Worksheet 2 Section I shows the requested rate increases by plan. Area factor relativities are consistent between the 2025 and 2026 filings, so rate increases do not vary by geographic region.

#### FINANCIAL EXPERIENCE OF THE PRODUCT

2024 experience and March 2025 enrollment and premium is shown on Worksheet 2 Section II of the URRT. On average, the loss ratio reported for 2024 in the URRT was 90.0% across all plans. Additional detail on historical data is included in Exhibit 1 accompanying the CID Actuarial Memorandum included with this filing. The requested rate increases account for CBI's latest expectations for 2026 and are expected to result in a URRT loss ratio of 83.93% as shown on Worksheet 2 Section IV.

### CHANGES IN MEDICAL SERVICE COSTS

The composite annualized trend CBI uses to project the experience rate for this filing is 7.6%. This includes components for medical and prescription drug coverage, accounting for unit cost and utilization trends. In aggregate, unit cost trend is about 6.8% and utilization trend is about 0.7%, as shown in Exhibit 2 accompanying the CID Actuarial Memorandum included with this filing.

### CHANGES IN BENEFITS

CBI will renew all plans except one (76962CT0030001) that were offered in 2025. Relative to plan designs offered in 2025, CBI's renewing 2026 product portfolio involves various changes to cost sharing to align with state mandated standard plans or maintain a competitive market position and align with consumer demand. The changes include adjusting the deductible, out-of-pocket maximums, coinsurance, and copayment amounts. All plan designs comply with applicable laws and guidelines.

### ADMINISTRATIVE COSTS AND ANTICIPATED MARGINS

CBI's projected non-benefit expenses are approximately 11.03% of premium for 2026. This includes 8.46% of premium for administrative expenses, which includes CBI's expectations for commissions and other items and 2.57% of premium for projected taxes and fees. Like prior years, these rates also include a 2.5% pre-tax contribution to surplus. In aggregate, updated expense projections do not contribute materially to the rate increase.