

**Balance by CCHP
Rate Justification for QHP Plans
Individual Plans
Rate Change Effective January 1, 2025**

Balance by CCHP is proposing an average rate increase of 4.0%. Rate increases range from 3.5% to 4.8% 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 2024 and 2025.

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 2023 experience data. This index rate supports our proposed rate change. Below is a high-level discussion of adjustments to the 2023 experience period.

Table 2.1 summarizes proposed rate increases by product:

Table 2.1 Balance by CCHP 2025 Summary of Proposed Rate Increases		
	San Francisco	San Mateo
Platinum 90 HMO	4.7%	4.7%
Gold 80 HMO	4.8%	4.8%
Silver 70 HMO	4.4%	4.4%
Silver 70 Off-Exchange HMO	4.4%	4.4%
Bronze 60 HMO	3.5%	3.5%
Minimum Coverage HMO	4.7%	4.7%
Bronze 60 HDHP HMO	4.7%	4.7%
Jade 15 HMO Platinum	4.7%	4.7%
Amber 50 HMO Silver	4.7%	4.7%
ActiveChoice PPO Silver	4.7%	4.7%
Total	4.0%	

Table 2.2 summarizes the main drivers behind rate changes from the 2024 rate to the 2025 projection period:

Table 2.2 Rate Change Key Drivers	
Change from 2024 to 2025	Rate Change
1. Change in starting allowed costs	-6.1%
2. Change in utilization and unit cost trends	0.3%
3. Change in projected benefits	-1.4%
4. Change in projected morbidity	4.9%
5. Change in projected area mix	0.1%
6. Change in projected age mix	-1.4%
7. Change in non-benefit expenses (e.g., HIPF, admin, commissions)	0.8%
8. Change in projected risk adjustment transfer	6.8%
Total Rate Change	3.5%

Each of the drivers is explained in more detail below:

1. Change in starting allowed costs

Starting costs decreased -7.3% from 2024 to 2025.

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 2023 to 2024 and 2024 to 2025 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	
	2023 to 2024	2024 to 2025	2023 to 2024	2024 to 2025
Inpatient Hospital	-0.3%	9.8%	1.0%	1.0%
Outpatient Hospital	-3.1%	9.9%	0.7%	0.7%
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	5.9%	5.9%	0.6%	0.6%
Total	0.0%	7.5%	0.8%	0.8%

The capitation adjustment was derived by projecting category-of-service-level PMPMs by medical group from 2023 into 2025. 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, 2025, 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 2024 and 2025. The highlighted cells indicate a benefit change.

Table 2.4 Balance by CCHP Select Benefit Plan Changes						
Plan Name	Deductible (Combined or Med/Rx)		MOOP		PCP Copay	
	2024	2025	2024	2025	2024	2025
Platinum Copay Plan	\$0	\$0	\$4,500	\$4,500	\$15	\$15
Gold Copay Plan	\$0	\$0	\$8,700	\$8,700	\$35	\$35
Silver Copay Plan Ind	\$5,400/\$150	\$5,400/\$50	\$9,100	\$8,700	\$50	\$50
Silver CSR Plan 100%-150% FPL	\$75/\$0	\$0	\$1,150	\$1,300	\$5	\$5
Silver CSR Plan 150%-200% FPL	\$800/\$50	\$1,400/\$350	\$3,150	\$3,050	\$15	\$15
Silver CSR Plan 200%-250% FPL	\$5,400/\$150	\$5,400/\$350	\$7,550	\$7,350	\$50	\$35
Bronze Plan	\$6,300/\$500	\$5,800/\$450	\$9,100	\$8,850	\$60	\$60
Bronze HDHP	\$7,050	\$6,650	\$7,050	\$6,650	\$0	\$0
Catastrophic Plan	\$9,450	\$9,200	\$9,450	\$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 2024. 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 0.986 from 2023 to 2025, as shown in Worksheet 1, Section II of the URRT.

4. Change in projected morbidity

We project a 4.9% overall increase in morbidity for CCHP's risk pool between 2023 and 2025 (two year, not annual) due to an anticipated change in the distribution of members using capitated providers.

5. Change in projected area mix

We project a 0.1% change in membership mix by area between 2024 and 2025 due to the anticipated off-exchange expansion into the Alameda County and Contra Costa County markets.

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 0.989, 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 2025 as compared to 2024. CCHP performed a detailed assessment of 2023 expenses and projected them to 2025.

The Health Insurer Provider Fee (HIPF) is not applicable in the 2025 rate filing year.

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.