Company Legal Name: Health First Commercial Plans, Inc.

State: Florida

HIOS Issuer ID: 36194

Market: Individual

Effective Date: January 1, 2026

### Part II – Rate Filing Justification

This document contains the Part II Rate Filing Justification for Health First Commercial Plans (HFCP) individual block of business, effective January 1, 2026. This justification is submitted in conjunction with the Part I Unified Rate Review Template.

The purpose of this justification is to provide certain information related to the submission, including support for the values entered into the Part I Unified Rate Review Template, which supports compliance with the market rating rules and reasonableness of applicable rate increases. This information may not be appropriate for other purposes.

This information is intended for use by the Florida Office of Insurance Regulation (FLOIR), the Center for Consumer Information and Insurance Oversight (CCIIO), and their subcontractors to assist in the review of HFCP's individual rate filing. However, we recognize that this certification may become a public document. Milliman makes no representations or warranties regarding the contents of this letter to other users. Likewise, other users of this letter should not place reliance upon this Rate Filing Justification that would result in the creation of any duty or liability for Milliman under any theory of law.

## Scope and Range of the Rate Increase

HFCP is filing rates to be effective January 1, 2026 for its Individual ACA-compliant block of business. URRT rate increases by Product HIOS ID vary between 15.22% and 21.82%. URRT Rate increases by Plan HIOS ID vary between 12.29% and 25.07%. The average rate increase across all plans is 19.42%, as also measured in the URRT.

There are several factors contributing to the requested rate increases. These include medical and pharmacy cost inflation, lower estimated risk transfers relative to those assumed in 2025 rates, morbidity increases due to the discontinuation of enhanced premium tax credits established by the American Rescue Plan and implementation of market integrity rules, and an increase in silver loading for plan year 2026.

The above rate increases will apply to HFCP's projected marketplace enrollment consisting of 601,040 member months in 2026 as shown in WS2 of the URRT.

The following sections provide a summary of the historical experience of HFCP's ACA-compliant plans, alongside a discussion of the key factors that contribute to the rate increases displayed in the URRT.

## Financial Experience of the Product

HFCP's historic MLR's from the previous four years are shown in the table below.

| Year | MLR |
|---|---|
| 2021 | 80.0% |
| 2022 | 72.5% |
| 2023 | 81.1% |
| 2024 | 90.6% |

The MLR values in the above table represent incurred loss ratios net of risk adjustment receivables. Please note that these values are raw MLR’s that are not meant to be a true measure for the purpose of calculating federal or state MLR rebates. The MLRs for 2022 through 2024 can be found in the 2026 ACA Data Template.

## Changes in Medical Service Costs

This development of the CY2026 rates reflects an average fee-for-service annual trend rate across all medical services, including pharmacy, of 5.3%. These trends were developed based on the Milliman Health Cost Guidelines (HCG). The trend factors reflect expectations regarding increases in contractual reimbursement and anticipated changes in the utilization of medical services.

## Risk Transfer Deterioration

HFCP’s risk transfer estimate for plan year 2024 is markedly lower than in previous years. Although HFCP is taking steps to address the lower risk score in 2024, HFCP believes any internal changes leading to risk transfer improvements will not be fully realized in 2025 and 2026. As a result, our transfer assumption for plan year 2026 is considerably lower than it was in 2025, contributing to the requested rate increases.

## Regulatory Changes

Significant regulatory changes to the marketplace are expected in plan year 2026. First, the enhanced premium subsidies put in place by the American Rescue Plan Act are set to expire at the end of 2025. We anticipate a significant morbidity shift in HFCP’s population once these subsidies expire, as healthier members who will be required to pay a premium in 2026 will likely opt to drop coverage, leading to a higher risk profile of the remaining population. Additionally, the expected implementation of the Market Integrity Rule, is anticipated to further compound the increase in morbidity, as stronger scrutiny on eligibility of subsidized members may lead to further enrollment erosion among the healthier populations.

Lastly, the continuous application of silver loading as a result of the discontinuation of Cost Share Reduction subsidies in 2017 is further contributing to the rate increases requested in this filing, as the 2026 silver loading is higher than it was in 2025.

## Changes in Benefits

There are no legally required benefit changes for the rates effective January 1, 2026. HFCP has made benefit changes in order to maintain a competitive product portfolio and to maintain plan AV values compatible with the Federal AV Calculator. Benefit changes were not a primary driver of rate increases.

## Administrative Costs and Anticipated Margins

Administrative cost and underwriting gains are consistent with prior years and do not contribute to plan rate increases.