AmeriHealth Caritas VIP Next, Inc.
Part II: Written Description Justifying the Rate Increase

GENERAL INFORMATION

AmeriHealth Caritas VIP Next, Inc. (AmeriHealth) requested rate changes for this product for 2027, with the average requested rate increase of 13.5% across all benefit plans. The minimum rate increase requested is 7.4% and the maximum rate increase requested is 16.4%.

SCOPE AND RANGE OF RATE INCREASES

There are several plan-specific changes that cause the rate change to vary by plan including changes in plan benefits, pricing model changes in determining pricing values and benefit factors, and revised retention assumptions. These changes are applied at the benefit plan level resulting in different rate increases by plan. Additionally, there are changes to the base premium rate.

- Changes in claim experience compared to the prior rate development
- Expected future medical inflation and utilization changes
- Change in the mix of business
- Changes to plan benefit designs in 2027
- Changes in retention
- Expected changes to morbidity associated with the continued expiration of enhanced premium subsides
- Changes to provider contracting assumptions

FINANCIAL EXPERIENCE OF THE PRODUCT

Active 2026 membership and premiums as of March 2026 are shown on Worksheet 2, Section II of the URRT. The requested rate increases account for AmeriHealth's latest expectations for 2026, and are expected to result in a loss ratio of 87.6% in 2027 using the methodology prescribed by 45 CFR 158.221.

CHANGES IN MEDICAL SERVICE COSTS

The composite annualized trend AmeriHealth uses to project the manual rate for this filing is 8.6%. This includes components for medical and prescription drug coverage, accounting for unit cost and utilization trends.

CHANGES IN BENEFITS

AmeriHealth will renew seven plans offered in 2026 and offer five new plans. Relative to plan designs offered in 2026, AmeriHealth's renewing 2027 product portfolio involves various changes to cost sharing to ensure compliance with the 2027 Federal Actuarial Value Calculator and benefit structures for any mandated benefit plans, as well as to maintain a competitive market position and align with consumer demand. The changes include adjusting the deductible, out-of-pocket maximums, coinsurance, and copay amounts. All plan designs comply with applicable laws and guidelines.

ADMINISTRATIVE COSTS AND ANTICIPATED MARGINS

AmeriHealth's projected total non-benefit expenses (including Exchange fees) are approximately 17.8% of premium for 2027. Primary components of non-benefit expenses include 10.2% of premium for administrative expenses, which includes AmeriHealth's current expectations for commissions and other items, 3.4% of premium for taxes and fees, 2.4% of premium for projected contribution to surplus (post-tax), and 1.9% of premium associated with Exchange User Fees (net of exchange enrollment mix assumptions).