Rate Increase Justification

Today's Date: 7/16/2026

Issuer: Humana Insurance Company - 68744

Rate Change Effective Date: 1/1/2027

Market: Statewide

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).*

   As of March 2026, there are 1,880 policyholder enrolled in the Humana Family Dental Plan. The overall rate change requested is a 7.5% increase. Rate changes requested are between -8.1% and 11.0% based on the age and rating areas of each participant. All policies renew on 1/1/2027.

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.*

   2025 was the first year with Covered California On-Exchange membership. Claims were higher than expected for 2025 for the new On-Exchange population. Overall loss ratio was 74.6%. The rate increase will help maintain the viability of the product going forward and ensure we can continue to offer the plan to Humana's members.

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.*

   Overall trend is expected to be 3.0%. The experience is trended forward to the projection period using this assumption when developing expected claim costs.

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.*

   The plan design is established by the state. There were minor ADA code updates to the plan in 2027, but these changes had limited impact on the expected costs for 2027.

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.*

Overall administrative expenses are decreasing from 18.6% of premium to 17.5% of premium. Expenses are not a driver of the requested rate increase.