

Part II – Written Explanation of Rate Increase

The requested average rate increase for Fallon Community Health Plan's individual and small group HMO business renewing in the first quarter of 2026 is 7.2%. There are 23,198 covered members who will be impacted by this increase. Depending on the specific plan design, the increases will range from 5.6% to 12.2%.

The rate increases are needed to cover increases medical costs and the fees and charges expected to be imposed on Fallon Community Health Plan during the rating period for the various provisions of the Affordable Care Act (ACA).

Fallon's rates include an approximate 4.3% charge to cover the costs of fees and taxes imposed on insurers by the ACA.

The loss ratio targeted for these rates is 92.1% of premium, which is higher than required under the 88.0% threshold permitted under Massachusetts regulations. This results in Fallon's rates being lower than what we might be allowed to charge under current rules.