CARESOURCE ACTUARIAL MEMORANDUM

# CareSource Georgia Co.

## Part III Actuarial Memorandum
## Individual Rate Filing Effective January 1, 2027

June 25, 2026

Tyler Hutchison, FSA, MAAA
Vice President, Actuarial Science

# Table of Contents

The following table summarizes the sections included in this document. Some sections may span multiple pages.

# SECTION 1: GENERAL INFORMATION

## DOCUMENT OVERVIEW

This document contains the Part III Actuarial Memorandum for CareSource Georgia Co.'s (CGA) individual comprehensive medical block of business, effective January 1, 2027. These individual rates are guaranteed through December 31, 2027. These products are offered both on and off the Individual Insurance Exchange. This Actuarial Memorandum is submitted in conjunction with the Part I Unified Rate Review Template (URRT).

The purpose of the Actuarial Memorandum is to provide certain information related to the submission of premium rate filings, including support for the values entered into the Part I URRT, which supports compliance with the market rating rules and reasonableness of applicable rate increases. This information may not be appropriate for other purposes.

The 2027 plan year premium rates provided in this Actuarial Memorandum were developed based upon the current Affordable Care Act (ACA) statutes and regulations, relevant CMS and HHS guidance, Executive Orders, relevant Georgia statutes and regulations, and court decisions in full force and effect as of the submission of this Actuarial Memorandum Accordingly, CGA retains and reserves the right to amend this Actuarial Memorandum and 2027 plan premium rates should there be any changes to the ACA statutes and regulations, relevant CMS and HHS guidance, Executive Orders, relevant Georgia statutes and regulations, and court decisions. **Please note, this filing includes the impact of Georgia's 1332 Waiver extension.**

## COMPANY IDENTIFYING INFORMATION

| | |
|---|---|
| Company Legal Name: | CareSource Georgia Co. |
| Address: | P.O. Box 8738, Dayton, Ohio 45401-8742 |
| Toll-Free Number: | + 1 800 479 9502 |
| Filer Email: | tyler.hutchison@caresource.com |
| State: | Georgia |
| HIOS Issuer ID: | 60224 |
| | |
| Market: | Individual |
| Effective Date: | January 1, 2027 |

## COMPANY CONTACT INFORMATION

| | |
|---|---|
| Primary Contact Name: | Tyler Hutchison |
| Primary Contact Telephone Number: | + 1 801 628 1049 |
| Primary Contact Email Address: | tyler.hutchison@caresource.com |

# SECTION 2: PROPOSED RATE CHANGES

This filing includes an initial rate filing for 4 new plans and a requested rate change filing for 22 of CGA's individual Affordable Care Act (ACA) compliant non-group plan rates originally filed for effective dates January 1, 2026 through December 31, 2026. The experience basis, benefit plans, rating factors, and other projection assumptions are updated for this filing.

CGA's 2027 plan designs include copay, deductible, out-of-pocket maximum, and other benefit changes from their existing 2026 plan designs to maintain federal AV compliance and better compete in the market.

We develop premium rates for these individual plans using 2025 individual experience. We consider a number of items in developing the premium rates, including but not necessarily limited to the:

- Morbidity level of the projected population
- Benefit plan designs
- Anticipated medical and pharmacy trend, for utilization and unit cost
- Applicable taxes and fees
- Anticipated risk adjustment payments or receipts
- Anticipated administrative costs and profit margin
- Anticipated reimbursements from the 1332 waiver program
- Expiration of expanded advanced premium tax credits through ARPA

[redacted]

### REASON FOR RATE CHANGES

[redacted]

# SECTION 3: EXPERIENCE AND CURRENT PERIOD PREMIUM, CLAIMS, AND ENROLLMENT

### PAID THROUGH DATE

The experience claims incurred presented in Worksheet 1, Section I of the URRT for both non-capitated and capitated services reflect payments through April 30, 2026.

### CURRENT DATE

The reported date for current enrollment and premium in URRT Worksheet 2, Section II is April 30, 2026.

### ALLOWED AND INCURRED CLAIMS INCURRED DURING THE EXPERIENCE PERIOD

CGA's incurred claims include fee-for-service claims and prescription drug claims.

All 2025 claims are on a completed basis, with a paid date through April 30, 2026. Claims are completed using lag development factors. This method estimates the portion of claims that have paid to date for each incurred month based on past claim lag data, which reflects historic time lags between the month of service and the month of claim processing.

Table 3.1, as well as Worksheet 1 Section 1 in the URRT, display a breakdown of the individual allowed claims and incurred benefits for CGA's 2025 Georgia experience.

[REDACTED]

# SECTION 4: BENEFIT CATEGORIES

The experience period claim information by benefit category represents CGA's ACA-compliant individual medical plans in Georgia in 2025.

We categorize utilization and cost information by benefit using 2027 projected Georgia claims distribution by major service category. Projected 2027 fee-for-service medical claims are included by service category:

- Inpatient Hospital: Includes non-capitated facility services for medical, surgical, maternity, mental health and substance abuse, skilled nursing, and other services provided in an inpatient facility setting and billed by the facility.

- Outpatient Hospital: Includes non-capitated facility services for surgery, emergency room, lab, radiology, therapy, observation, and other services provided in an outpatient facility setting and billed by the facility.

- Professional: Includes non-capitated primary care, specialist, therapy, the professional component of laboratory and radiology, and other professional services, other than hospital-based professionals whose payments are included in facility fees.

- Other Medical: Includes non-capitated ambulance, home health care, DME, prosthetics, supplies, and other services. The measurement units for utilization used in this category are a mix of visits, cases, procedures, etc.

- Prescription drug claims net of rebates are included in the ''Prescription Drug'' line in the URRT with a benefit category of ''Prescriptions.''

# SECTION 5: PROJECTION FACTORS

[redacted]

## TREND FACTORS (COST / UTILIZATION)

[redacted]

[REDACTED]

## ADJUSTMENTS TO TRENDED EHB ALLOWED CLAIMS PMPM

No additional adjustments were applied to experience.

Governor Kemp signed House Bill 94, which amends Chapter 24 of Title 33 of the OCGA. This new code section mandates coverage for medically necessary expenses for standard fertility preservation services when medically necessary treatment for cancer, sickle cell disease, or lupus may directly or indirectly cause an impairment of fertility.

We have estimated that the coverage for this new benefit would not have a material impact on cost. This was determined after analyzing the prevalence of those conditions, the frequency that treatment results in impaired fertility, and cost of fertility preservation services. No adjustment to 2025 experience was made for the new benefit in the development of these rates.

## MORBIDITY ADJUSTMENT

[redacted]

## DEMOGRAPHIC SHIFT

Our rate projection is based on 2025 experience including the average demographics and geographic mix of the 2025 enrollees. Our development of the 2027 Index Rate reflects the anticipated differences in the demographic, tobacco, and geographic mix of the population, as compared to the 2025 experience period.

## PLAN DESIGN CHANGES

We adjust the 2027 Index Rate to reflect anticipated changes in the average utilization of services due to differences in average 2025 cost sharing requirements as compared to average 2027 cost sharing requirements.

EHBs are consistent between the 2025 experience period and the 2027 projection period.

## OTHER ADJUSTMENTS

The 2027 Index Rate is adjusted to account for the difference between the 2025 and 2027 provider reimbursement and capitation.

# SECTION 6: MANUAL RATE ADJUSTMENTS

[redacted]

# SECTION 7: CREDIBILITY OF EXPERIENCE

[redacted]

# SECTION 8: ESTABLISHING THE INDEX RATE

The Index Rate is developed based on the single risk pool for CGA Georgia individual plans, established in accordance with the requirements in 45 CFR part 156, §156.80(d). The single risk pool reflects covered lives in all non-grandfathered products sold in the Georgia individual market by CGA.

### PROJECTED INDEX RATE

Worksheet 1, Section II of the URRT demonstrates the build-up of the projected Index Rate. Section 5, Projection Factors, describes the development of the projected Index Rate. The projected Index Rate covers a 12-month period for individuals effective January 1, 2027 through December 31, 2027. The projected index rate does not include non-EHB claims. As described in Section 5, the projected Index Rate reflects the anticipated claim level of the projection period after accounting for trend, benefit changes, and demographic changes.

# SECTION 9: DEVELOPMENT OF THE MARKET-WIDE ADJUSTED INDEX RATE

The Market Adjusted Index Rate was calculated as the Projected Index Rate adjusted for all allowable market wide modifiers as defined in the market rating rules, 45 CFR Part 156, §156.80(d)(1). The development of the Market Adjusted Index Rate is illustrated in Worksheet 1, Section II of the URRT and in Table 9.1 below.

[REDACTED]

### RISK ADJUSTMENT PAYMENT / CHARGE

#### Experience Period Risk Adjustment and Reinsurance Adjustments PMPM

[redacted]

#### Projected Risk Adjustments PMPM

[redacted]

### REINSURANCE

There are no federal or state reinsurance programs expected to impact CGA expected costs in 2027.

Georgia introduced a state reinsurance program under a 1332 Waiver starting in 2022. To estimate 1332 reinsurance recoveries for PY2027, we used a claims probability distribution calibrated to our projected 2027 claims level and then apply the proposed attachment point, cap, and coinsurance level to estimate recoveries for each Tier 1-3. We then apply these projected recoveries to our expected membership for each Tier to get the composite result of $47.88 PMPM in projected 1332 recoveries. This result is used in the build-up of the Market Adjusted Index Rate as seen in Table 9.1.

### EXCHANGE USER FEES

[redacted]

### PAID TO ALLOWED RATIOS

The average paid to allowed ratio was developed as follows:

Weighted Average Paid Claim PMPM by Plan
Weighted Average Allowed Claim PMPM by Plan

The weighted average in both the numerator and denominator was developed based on projected member months by plan, as presented in Worksheet 2, Section IV of the URRT.

# SECTION 10: PLAN ADJUSTED INDEX RATE

Plan Adjusted Index Rates reflect the Market Adjusted Index Rate adjusted for allowable plan level modifiers defined in the market rating rules, 45 CFR Part 156, §156.80(d)(2). This is summarized as follows:

Market Adjusted Index Rate

x (1) Plan actuarial value and cost sharing value factor

x (2) Plan provider network, delivery system characteristics, and utilization management practices factor

x (3) Benefits provided by the plan that are in addition to EHB

x (4) Distribution and administrative costs, excluding user exchange fees

x (5) With respect to catastrophic plans, the expected impact of the specific eligibility categories for those plans. CGA is not offering a catastrophic plan in 2027

The applicable adjustment factors for each plan are illustrated in Worksheet 2, Section III of the URRT.

### ACTUARIAL VALUE AND COST SHARING DESIGN OF THE PLAN

The impact of each plan's actuarial value and cost sharing includes the expected impact of each plan's cost-sharing amounts on the member's utilization of services, excluding expected differences in the morbidity of the members assumed to select the plan. In other words, these adjustments are based only on utilization expectations related to the comparative richness of each benefit plan and not on the individuals selecting such a plan. This model assumes the same demographic and risk characteristics for each plan, thereby excluding expected differences in the morbidity of members assumed to select the plan.

The AV pricing values reflect full plan liability for the CSR funding shortfall.

### EXPERIENCE PERIOD COST SHARING REDUCTION AMOUNTS

[redacted]

### PROJECTED COST SHARING REDUCTION AMOUNTS

[redacted]

### PROVIDER NETWORK, DELIVERY SYSTEM CHARACTERISTICS AND UTILIZATION MANAGEMENT PRACTICES

All proposed plans have the same network resulting in a 1.000 factor for all plans. The estimated provider network reimbursement rates are based on CGA's contractually negotiated reimbursement arrangements to date.

### BENEFITS IN ADDITION TO EHBS

Product 60224GA001 does not include non-EHB benefits. Product 60224GA002 includes non-EHB benefits of adult eyewear, routine eye examinations, and fitness benefits, so an adjustment is made within this product.

### ADMINISTRATIVE COSTS (EXCLUDING EXCHANGE USER FEES AND REINSURANCE FEES)

[redacted]

[REDACTED]

### PROFIT AND RISK LOAD

[redacted]

### TAXES AND FEES

Table 10.2 provides a breakdown of projected taxes and fees.

[REDACTED]

### CATASTROPHIC ADJUSTMENT

CGA will not offer any catastrophic plans in 2027, so there is no catastrophic adjustment.

# SECTION 11: CALIBRATION

### AGE CALIBRATION FACTOR

[redacted]

### GEOGRAPHIC CALIBRATION FACTOR

[redacted]

### TOBACCO USE RATING FACTOR CALIBRATION

[redacted]

# SECTION 12: CONSUMER ADJUSTED PREMIUM RATE DEVELOPMENT

The Consumer Adjusted Premium Rate is the final premium rate for a plan charged to an individual. The calculated rate includes the rating and premium adjustments, as articulated in the applicable market reform rating rules. It is the product of the Plan Adjusted Index Rate, the age calibration factor, the geographic calibration factor, and the tobacco calibration factor for that given individual.

The applicable adjustment factors for each plan are illustrated in Worksheet 2, Section III of the URRT.

# SECTION 13: PROJECTED LOSS RATIO

[redacted]

The Exhibit 6 loss ratio is a single year value only. To the extent this amount, on a three-year rolling average basis, and after applying applicable credibility adjustments, falls below the federal 80% threshold, CareSource Georgia Co. will comply with all federal rebate regulations found in Public Health Service Act (PHS Act) section 2718.

# SECTION 14: AV METAL VALUES

The AV Metal Values included in Worksheet 2, Section I of the URRT were developed using the 2027 CMS Actuarial Value calculator.

# SECTION 15: MEMBERSHIP PROJECTIONS

The projected membership (as displayed in Worksheet 2, Section IV of the URRT) is detailed in Table 15.1 below. We base projected 2027 enrollment off past membership and marketing projections.

[REDACTED]

### Methodology to Project Cost Sharing Reduction (CSR) Eligibles

We estimate CSR eligibles based on projected 2027 membership.

### Projected Cost Sharing Reduction (CSR) Eligibles

For the Silver level plans, we assume a member will generally select the richest benefit plan the member qualifies for in a given income level (we understand that some individuals will not select the richest subsidy for which they qualify based on personal preference, but do not expect this impact to be material). Table 15.2 shows the projected distribution across the Silver level plans.

[REDACTED]

# SECTION 16: PLAN TYPE

The applicable plan type for each plan has been noted in Worksheet 2, Section I of the URRT. They are consistent with the available options in the drop-down box in Worksheet 2.

# SECTION 17. TERMINATED PLANS AND PRODUCTS

[redacted]

# SECTION 18: EFFECTIVE RATE REVIEW

Information is available upon request.

# SECTION 19: RELIANCE

In preparing the Part I Unified Rate Review Template (URRT) and Part III Actuarial Memorandum, CGA internally compiled all data and other informational inputs. To the extent that it is incomplete or inaccurate, the contents of the URRT and Actuarial Memorandum, along with many of our conclusions, may be materially affected.

We perform review of the data used directly in the analysis for reasonableness and consistency and have not found material defects in the data. If there are material defects in the data, it is possible that they would be uncovered by a detailed, systematic review and comparison of the data to search for data values that are questionable or for relationships that are materially inconsistent.

# SECTION 20: ACTUARIAL CERTIFICATION

I, Tyler Hutchison, FSA, MAAA, am an employee of CareSource Management Services LLC, a CareSource Company, as is CareSource Georgia Co.. I am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

I certify to the best of my knowledge and judgment:

1. The projected index rate is:

    - In compliance with all applicable State and Federal Statutes and Regulations (45 CFR 156.80(d)(1)).
    - Developed in compliance with the applicable Actuarial Standards of Practice.
    - Reasonable in relation to the benefits provided and the population anticipated to be covered.
    - Neither excessive nor deficient based on my best estimates of the 2027 individual market.

2. The Projected Index Rate and only allowable modifiers as described in 45 CFR 156.80(d)(1) and 45 CFR 156.80(d)(2) were used to generate plan level rates.

3. The geographic rating factors shown in Worksheet 3 of the Part I Unified Rate Review Template (URRT) reflect only differences in the costs of delivery (e.g., unit costs, provider practice pattern differences) and do not include differences for population morbidity by geographic area.

4. The CMS Actuarial Value Calculator was used to determine the AV Metal Values shown in Worksheet 2, Section I of the URRT for all plans.

5. The premium rates filed are prepared in conformity with the Actual Standards of Practice (ASOPs) promulgated by the Actuarial Standards Board that are checked below. Please note, ASOP 26 does not apply since this certification is for individual health insurance only.

**CHECK LIST OF ACTUARIAL STANDARDS OF PRACTICE (ASOPs) FOR STATEMENT 5 ABOVE**

X ASOP No. 5 – Incurred Health and Disability Claims

X ASOP No. 8 – Regulatory Filings for Health Benefits, Accident and Health Insurance, and Entities Providing Health Benefits

X ASOP No. 12 – Risk Classification (for All Practice Areas)

X ASOP No. 23 – Data Quality

X ASOP No. 25 – Credibility Procedures

X ASOP No. 26 – Compliance with Statutory and Regulatory Requirements for the Actuarial Certification of Small Employer Health Benefit Plans

X ASOP No. 41 – Actuarial Communications

X ASOP No. 42 – Health and Disability Actuarial Assets and Liabilities other than Liabilities for Incurred Claims

X ASOP No. 50 – Determining Minimum Value and Actuarial Value under the Affordable Care Act

X ASOP No. 56 – Modeling

The URRT does not demonstrate the process used to develop proposed premium rates. It is representative of information required by Federal regulation to be provided in support of the review of rate increases, for certification of qualified health

plans for federally facilitated exchanges, and for certification that the Index Rate is developed in accordance with Federal regulation, used consistently, and only adjusted by the allowable modifiers.

CareSource Georgia Co. has developed certain models to estimate the values included in this filing. The intent of the models was to estimate 2027 rates for individual policies offered in the ACA market. We ensured the models, including their inputs, calculations, and outputs, are consistent, reasonable, and appropriate to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice (ASOP).

The 2027 plan year premium rates provided in this Actuarial Memorandum were developed based upon the current Affordable Care Act (ACA) statutes and regulations, relevant CMS and HHS guidance, Executive Orders, relevant Georgia statutes and regulations, court decisions in full force and effect as of the submission date of this Actuarial Memorandum, including, but not limited to, the cost-sharing reduction subsidies not being funded for the 2027 plan year. Accordingly, CGA retains and reserves the right to amend this Actuarial Memorandum and 2027 plan premium rates, should there be any changes to the ACA statutes and regulations, relevant CMS and HHS guidance, Executive Orders, relevant Georgia statutes and regulations, and court decisions.

This filing assumes the enhanced premium tax credit subsidies from the American Rescue Plan (ARP) will not continue in 2027 as indicated in the Marketplace Integrity and Affordability (MIA).

The information provided in this Actuarial Memorandum is in support of the items illustrated in the URRT and does not provide an actuarial opinion regarding the process used to develop proposed premium rates. It does certify that rates were developed in accordance with applicable regulations, as noted. The results are actuarial projections. Actual experience will differ for a number of reasons including, but not necessarily limited to, population changes, claims experience, and deviations from assumptions.

Respectfully submitted,

Signed: 

Name: Tyler Hutchison, FSA, MAAA
Title: Vice President, Actuarial Science
Date: June 25, 2026

# Exhibits 1 Through 6

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

# Attachments

[REDACTED]