Part III Actuarial Memorandum
(REDACTED)

Capital Health Plans
Small Group Rate Filing
Effective January 1, 2026

Prepared for:
Capital Health Plans

Prepared by:
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EXHIBIT 1. GENERAL INFORMATION

Document Overview

This document contains the Part III Actuarial Memorandum for Capital Health Plans's (CHP) small group block of business, effective January 1, 2026. 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, 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.

This information is intended for use by the State of Florida Office of Insurance Regulation, the Center for Consumer Information and Insurance Oversight (CCIIO), and their subcontractors to assist in the review of CHP's small group 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 actuarial memorandum that would result in the creation of any duty or liability for Milliman under any theory of law.

Company Identifying Information

Company Legal Name: Capital Health Plans
State: The State of Florida has regulatory authority over these policies.
HIOS Issuer ID: 66966
Market: Small Group
Effective Date: January 1, 2026

Company Contact Information

Primary Contact Name: Adriel W. Cornman, FSA, MAAA
Primary Contact Telephone Number: (850) 523-7481
Primary Contact Email Address: awcornman@chp.org

EXHIBIT 2. PROPOSED RATE CHANGES (REDACTED)

EXHIBIT 2. PROPOSED RATE CHANGES (REDACTED)

EXHIBIT 3. EXPERIENCE AND CURRENT PERIOD PREMIUM, CLAIMS, AND ENROLLMENT

The experience reported on Worksheet 1, Section I of the URRT shows CHP's earned premium, incurred and paid claims, and enrollment for the period of 1/1/2024 through 12/31/2024, with claims paid through 2/28/2025. Current enrollment and current premium on Worksheet 2, Section II are reported as of 3/31/2025.

Premiums in Experience Period

The premiums earned during the experience and as reported on Worksheet 1, Section I of the URRT are from CHP's audited financial statements for CY2024. The premiums are not adjusted for MLR rebates.

Method for Determining Allowed Claims

All allowed claims processed both in and out of the claim system were included. An estimate of incurred but not reported allowed claims, resulting in a completion factor of 98.3%, was added to the processed amount to arrive at a final estimate of total allowed claims.

Method for Determining Paid Claims

All paid claims processed both in and out of the claim system were included. An estimate of incurred but not reported paid claims, resulting in a completion factor of 98.3%, was added to the processed amount to arrive at a final estimate of total paid claims.

Method for Determining Incurred But Not Reported Paid Claims

All incurred claims processed both in and out of the claim system were included. Incurred claims were calculated by applying a completion factor of 98.3% to the paid claims from the experience period. The completion factors were developed using estimates of IBNR provided by CHP. The completion factors for paid and allowed claims are the same.

Method for Determining Paid Cost Sharing

Paid member cost sharing was determined by subtracting paid claims from allowed claims.

EXHIBIT 4. BENEFIT CATEGORIES

We used Milliman's Health Cost Guidelines (HCG) Grouper in order to categorize the CHP Small Group historical claims into the benefit categories in Worksheet 1, Section II of the URRT. The HCG Grouper uses a combination of HCPCS codes, revenue codes, DRGs, specialty codes, diagnosis codes, and other indicators in order to categorize claim-level detail into benefit categories. Milliman updates HCG Grouper code sets and reporting workbooks at least once a year to incorporate new HCPCS, revenue codes, specialty codes, etc., so the classification methodology remains current.

Inpatient Hospital

The inpatient hospital category 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

The outpatient hospital category 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

The professional category 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

The other medical category includes non-capitated ambulance, home health care, DME, prosthetics, supplies, vision exams, dental services and other services.

Capitation

The capitation category includes all services provided under one or more capitated arrangements.

Prescription Drug

The prescription drug category includes drugs dispensed by a pharmacy. This amount is net of rebates received from drug manufacturers.

EXHIBIT 5. PROJECTION FACTORS (REDACTED)

EXHIBIT 5. PROJECTION FACTORS (REDACTED)

EXHIBIT 6. MANUAL RATE ADJUSTMENTS (REDACTED)

EXHIBIT 7. CREDIBILITY OF EXPERIENCE

Description of the Credibility Method Used

The CMS guidelines used for Medicare Advantage/Prescription Drug Plans (MA/PD) were used to determine the credibility of the experience. These guidelines specify 24,000 member months as 100% credible for medical and specify the following formula for determination of partial credibility:

(n / 24,000)^(1/2) for medical
(n / 56,000)^(1/2) for prescription drugs

where n = member months in the experience period.

Since prescription drug and medical coverage are both covered, and medical services make up a significantly larger portion of the costs, the above medical formula was used for the determination of partial credibility. The use of the CMS MA/PD credibility is appropriate given that both MA/PD and Commercial cover similar benefit categories.

Resulting Credibility Level Assigned to the Base Period Experience

The credibility assigned to the base period experience is 100%.

The following table summarizes the adjusted credibility of the base period experience:

Table 7.1
Capital Health Plans
Credibility of Base Experience

Description	Value	Annotation
Member Months - Base Experience	113,647	(a)
Full Credibility Threshold - Member Months	24,000	(b)
% Base Experience in the Manual Rate	0%	(c)
Credibility of Base Experience (no adjustment)	100%	(d) = Min{sqrt[(a)/(b)],1}
Adjusted Credibility of Base Experience	**100%**	(e) = [(d)-(c)] / [1-(c)]

EXHIBIT 8. ESTABLISHING THE INDEX RATE (REDACTED)

EXHIBIT 8. ESTABLISHING THE INDEX RATE (REDACTED)

EXHIBIT 9. DEVELOPMENT OF THE MARKET-WIDE ADJUSTED INDEX RATE (REDACTED)

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EXHIBIT 10. PLAN ADJUSTED INDEX RATE (REDACTED)

EXHIBIT 10. PLAN ADJUSTED INDEX RATE (REDACTED)

EXHIBIT 11. CALIBRATION (REDACTED)

EXHIBIT 11. CALIBRATION (REDACTED)

EXHIBIT 12. CONSUMER ADJUSTED PREMIUM RATE DEVELOPMENT (REDACTED)

EXHIBIT 12. CONSUMER ADJUSTED PREMIUM RATE DEVELOPMENT (REDACTED)

EXHIBIT 13. PROJECTED LOSS RATIO (REDACTED)

EXHIBIT 14. AV METAL VALUES

The AV metal values included in Worksheet 2 are entirely based on the AV Calculator. Table 14.1 below summarizes these values for each product.

Table 14.1
Capital Health Plans
Actuarial Values

Plan	HIOS ID	Actuarial Value	Source
3101 - Platinum	66966FL0030001	0.912	Federal AV Calculator
3101 - Platinum RE	66966FL0030005	0.912	Federal AV Calculator
3102 - Platinum	66966FL0030002	0.893	Federal AV Calculator
3104 - Gold	66966FL0030004	0.820	Federal AV Calculator
3107 - Gold	66966FL0030007	0.798	Federal AV Calculator
3108 - Silver	66966FL0030008	0.720	Federal AV Calculator

EXHIBIT 15. MEMBERSHIP PROJECTIONS (REDACTED)

EXHIBIT 16. TERMINATED PRODUCTS

No products will be terminated prior to the effective date.

EXHIBIT 17. PLAN TYPE

There are no differences between the plans of CHP and the plan type selected in the drop-down box in Worksheet 2, Section I of the URRT.

All plans are offered as an HMO product.

EXHIBIT 18. EFFECTIVE RATE REVIEW INFORMATION (OPTIONAL)

EXHIBIT 19. RELIANCE (REDACTED)

EXHIBIT 20. ACTUARIAL CERTIFICATION

I am a Principal and Consulting Actuary with the firm of Milliman, Inc. Capital Health Plans engaged me to provide the opinion

Guidelines issued by the American Academy of Actuaries require actuaries to include their professional qualifications in all actuarial communications. I am a member of the American Academy of Actuaries, and I meet its qualification standards to perform the analysis and 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 and 147.102)
    - 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 2026 small group market.
2. The index rate and only the 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 URRT reflect only differences in the cost of delivery, 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.

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

The 2026 plan year premium rates in this actuarial memorandum are contingent upon the status of the ACA statutes and regulations including any regulatory guidance, court decisions, or otherwise. Changes have the potential to greatly impact the 2026 plan year premium rates provided in this Actuarial Memorandum. Changes include, but are not limited to, any legislative or regulatory amendments, court decisions, or decisions by Congress, the Health and Human Services Secretary or the Centers for Medicare and Medicaid Services director.

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.

Differences between the projections and actual amounts depend on the extent to which future experience conforms to the assumptions made for this analysis. It is certain that actual experience will not conform exactly to the assumptions used in this analysis. Actual amounts will differ from projected amounts to the extent that actual experience deviates from expected experience.

Signed: 

Name: Pamela Laboy, FSA, MAAA

Title: Principal and Consulting Actuary

Date: June 11, 2025