Kaiser Foundation Health Plan of Georgia, Inc.
2027 Rate Filing
Kaiser Permanente Small Group ("SG")

Actuarial Memorandum

I, Melissa Belen De Los Santos, am a Member of the American Academy of Actuaries and meet its Qualification Standards for preparing rate filings for Health Maintenance Organizations ("HMOs"). I am preparing this Actuarial Memorandum for Kaiser Foundation Health Plan of Georgia, Inc. ("KFHP") to comply with the CMS requirements as well as the Rules and Regulations of the state of Georgia. This memorandum relates to Small Group ("SG") products. The purpose of this rate filing is to obtain approval of rates for Small Group products required under the health care reform law. The material presented in this filing was prepared for this specific purpose and may not be appropriate for other purposes. This filing is for effective dates beginning January 1, 2027.

This rate filing is a revision of existing rates and introduction of new plans. The forms are open to new sales and for renewals. This filing does not cover grandfathered products. The risk classification is guaranteed issue under the Affordable Care Act. Previous rates were filed under SERFF Binder KPGA-GA26-125120672.

This actuarial opinion is qualified such that the information contained within this filing reflect the state of Georgia and Federal statutes, rules, regulations, and guidance as of May 26, 2026. Changes to regulations including risk stabilization programs could have a significant impact on rate development. Subsequent changes to statutes, rules, and regulations may make these rates deficient and would necessitate revisions to this filing.

Kaiser Foundation Health Plan is a Health Maintenance Organization ("HMO") and offers traditional HMO copayment plans covering medical and pharmacy claim expenses, and Deductible and High Deductible plans, some of which are HSA qualified. KFHP also offers Point of Service ("POS") plans that are jointly underwritten by KFHP and Kaiser Permanente Insurance Company ("KPIC"). Benefits include all Georgia Essential Health Benefits as well as non-Essential Health Benefits including adult preventive dental, adult vision, and sleep lab and studies. A detailed list of all covered benefits is included in the submitted benefit form filing.

I am the primary contact for this submission. My telephone number is (678) 895-3714 and my email address is melissa.e.belen@kp.org.

State: **Georgia** **HIOS Issuer ID**: **89942**

NAIC # 96237

Forms

KPFM-134903742:
GA27SG HMO EOC ON 05/26 2027 Small Group HMO On Exchange Plan
GA27SG HDHP EOC ON 05/26 2027 Small Group HDHP On Exchange Plan

KPFM-134903826:
GA27SG HMO EOC OFF 05/26 2027 Small Group HMO Off Exchange Plan
GA27SG HDHP EOC OFF 05/26 2027 Small Group HDHP Off Exchange Plan

Proposed Rate Increases

The proposed average rate increase is 7.1%. The minimum increase across plans is 6.5 % and the maximum increase is 8.3%. There are several reasons for the rate increase:

(i) morbidity/risk adjustment: 6.6%
(ii) trend/experience: 1.55%
(iii) retention: -2.3%
(iv) benefit change: -0.6%
(v) other/mix: 1.9%

The rate increase is calculated relative to first quarter 2026 rates and is based on the projected membership distribution. The number of members (policyholders) impacted is 3,751 as of February 2026.

Rate increases vary by plan due to plan specific benefit changes, changes in network factors, and differences in Non-EHB benefits for On and Off Exchange. These factors are applied in Exhibit 16 as part of the Plan Adjusted Index Rate calculation. Morbidity is applied in calculating the Marketwide Adjusted Index Rate in Exhibit 2 and does not vary by plan.

This filing is for new plans as well as updated rates for our Small Group ACA block, and is based on the experience of our ACA Small Group business in 2025 which is treated as a single risk pool under 45 CFR Part 156, §156.80. Rate increases vary by plan and product, but the aggregate rate increase is expected to be 6.8%.

Market Experience

The development of the Marketwide Adjusted Index Rate is shown in Exhibit 2. This exhibit shows the development of the Index Rate from the historical period medical cost data. The final 2027 rates by plan and age are developed by applying plan factors, network factors, non-EHB benefit costs, and admin expense to the index rate to get a plan specific rate for an average aged member. The plan specific rate is then multiplied by the calibrated age factors to generate specific rates for other ages.

Experience Period Claims under the Single Risk Pool

The summary of the experience period claims is detailed in Exhibit 3.

Base Period Data

The base period was January 1, 2025 to December 31, 2025.

Allowed claim experience includes all small group ACA business. Transitional products (KYP) were excluded from allowed claims.

Paid Through Date

Claims were paid through the end of January 2026.

Current Date

Current enrollment and premium is reported as of January 2026.

Earned Premiums during the Experience Period

Earned premiums represent the dues paid by members, with adjustments for accounts receivable. No rebates were payable.

Allowed Claims

Allowed amounts are summarized in Exhibit 3. Allowed claims were calculated as net claims adjusted to add the assumed value of cost sharing.

Allowed claims are defined as services or goods consumed by a member at a facility, or at a physician office, including pharmaceutical goods or any such service or goods that are deemed a covered benefit by the member's contract with Kaiser. Some services would not be contractually covered and therefore are not allowed. In addition, other services that may be the responsibility of another party such as coordination of benefits would not be counted as allowable.

Estimate for Incurred and Unpaid Claims

As an integrated delivery system, the internal medical costs incurred by Kaiser Permanente are not medical claims but the costs of running a medical system, such as salaries, depreciation, rent, etc. We utilize a complex process to allocate these costs to the encounter or member level. For our 2025 experience period data, we are continuing to use the updated cost accounting framework implemented in the previous filing. As noted with the 2024 experience period, Kaiser retired its end of life cost accounting system and adopted a new platform with standardized allocation rules across all Kaiser markets and regulatory submissions. This updated process

continues to provide improved accuracy and enhanced transparency when tracing costs back to the general ledger and financial statements.

A common reserve tool developed and maintained by KFHP Actuarial Services is used to set KFHP's IBNR reserves. Kaiser's common reserve tool uses historical claim lag averages to project anticipated future payments. IBNR levels are set for line of business and service line breakouts. The completion factors used to complete the base period external claims were developed using KFHP's overall commercial line of business by type of service. The claims are incurred in 2025 and paid through January 2026, so a 13/12 completion factor is used. The completion factor estimates for external claims are based on the numbers used for our financial reporting.

Experience Incurred and Paid to Date

This is calculated as the sum of internal and external claims adjusted for the value of cost sharing. The starting allowed amount is shown on Exhibit 2 line 1.

Projection Factors

Non-EHB

An adjustment has been made to the base period allowed amount to remove the non-EHB benefits from the Index Rate. This multiplier was calculated by summing the allowed amount for non-EHB benefits in the base period and dividing by total allowed.

Non-EHB benefits are removed from the experience as required by the index build up instructions. The adjustment is shown in Exhibit 4. This is also shown on line 2 of Exhibit 2. The new non-EHB (standard fertility preservation) benefit adjustment is shown in Exhibit 9.

Trend

As an integrated health care provider, a large portion of KFHP's expenses are the fixed costs associated with providing medical care through our facilities. To accurately project expenses, trends should recognize assumptions in KFHP-GA's strategic plan. Internal budgeted expenses are the most appropriate basis to estimate internal expenses. For external expenses, we accounted for contractual changes, benefit changes, cost initiatives, and changes in product mix when developing external trends. Exhibit 7 shows our expected trend assumption from the base period to the projection period.

Medical cost associated with our delivery system is allocated on a capitation basis by line of business using our Line of Business Reporting method (LOBR). 2025 to 2027 trend for professional reflects the Small Group capitation change and forecasted change in addition to the underlying trend for other professional expenses.

The trend projection is shown in Exhibit 2 lines 4, 5 and 6.

Standard Fertility Preservation

House Bill 94 mandates coverage 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. The 2027 estimated cost for this benefit is $0.25.

Utilization Adjustment in Historical Period

Exhibit 5 shows the adjustments by plan for cost sharing induced utilization. This will reflect the difference in induced utilization due to benefit changes between the historical period and the projection period.

The utilization adjustments by plan represent the impact of induced utilization, as calculated using a pricing model developed by a national consulting firm. This model is calibrated to KFHP of Georgia's experience basis and trended to the projection period. The change in the composite utilization adjustment from the historical to the projected period reflects the impact of benefit changes and changes in member mix on utilization in aggregate for the ACA block. This assumption is shown in Exhibit 5. It is also shown in Exhibit 2 line 7.

For the projection period, the utilization adjustment is shown by plan in Exhibit 16 based on our projected membership.

Changes in Demographics

Exhibit 6 shows the expected changes in demographics from the historical period to the projection period. The adjustment for the historical period is shown in line 8 of Exhibit 2.

No changes in age or other demographic characteristics are projected.

Changes in the Morbidity of the Expected Covered Population

Changes in the expected morbidity composition of the block are developed in Exhibit 8. This amount is shown in Exhibit 2 line 9.

The factor includes a morbidity increase of 5% each year, and a member mix factor.

Pediatric Dental

Adjustments for pediatric dental are developed based on 2024-2025 expected claims and the 2027 projected administrative fee. The pediatric membership as a percentage of total membership for 2027 was estimated based on the 2025 membership distribution.

Projected Period Index Rate

This is the product of all the above adjustments and is shown on Exhibit 2 line 11.

Marketwide Adjusted Index Rate

Two adjustments can be made to the projected index rate for small group to arrive at the Marketwide Adjusted Index Rate. These are described in more detail under the URRT section.

The Risk Adjustment factor can be found in Exhibit 8. The factor includes only the risk adjustment transfer and does not include the risk adjustment fee.

The Georgia Access user fee is 0% for Small Group.

Plan Adjusted Index Rate

The Plan Adjusted Index Rate can be found in Exhibit 16, line 11. Rates for each plan are shown for someone age 45.

Exhibit 16 starts with the Marketwide Adjusted Index Rate from Exhibit 2 line 14. Plan Adjusted Index Rates are developed after adjusting for benefit design, network, non-EHB benefits, and retention.

Benefit Design

Actuarial Pricing Value factors are calculated using pricing estimates from our national pricing model as the projected net cost by plan divided by the allowed claim cost expected for the projected book of business. The plan factors use industry standard data in a model from a national actuarial consulting firm, calibrated to Kaiser's ACA experience to calculate the impact of the various cost share and plan elements for EHBs, including utilization copayment effect. The plan factors shown in Exhibit 16 reflect both member cost shares and the resulting dampening of expected utilization due to those cost shares. There are no adjustments for morbidity in calculating plan factors.

Exhibit 16 contains the Actuarial Pricing Value factors on line 7.

Non-EHB Benefits

Non-EHB Benefits are multiplied to the specific plan rates on line 9 of Exhibit 16. These come from Exhibit 4 and Exhibit 9 and reflect historical EHB benefits on a paid basis and adjustments for new projected Non-EHB benefits added after the experience period. There are no new projected Non-EHBs in 2027.

Network

The Network factors are listed in Exhibit 18. Factors vary for HMO, KP Plus, and 2 Tier POS.

Retention

Retention includes broker commissions, administrative expenses, and capital contribution. Commissions are paid to Brokers of Record. Administrative expense trends used to develop our projected administrative expenses PMPM are consistent with our strategic plan, net of adjustments for mix changes. Our current and projected administrative expenses are shown in Exhibit 10.

Broker Commissions

The broker commission rate is 6%, as listed in Exhibit 10.

Capital Contribution

The capital contribution is listed in Exhibit 10.

Consumer Adjusted Rate

The Consumer Adjusted Rate reflects adjustments for demographic calibration and the 3+ dependent calibration. The Consumer Adjusted Rate is in row 13 of Exhibit 16.

The age calibrations are found in Exhibit 6. The 3+ dependent calibration is found in Exhibit 15.

a) Plan covers individuals and families but rates are determined by individual with the exception that families covering more than 3 children under 21 will only be charged for the three oldest under 21.
b) Rating areas are regions 2, 3, 4, 8, 10 and 13. Rates do not vary by region.
c) Rates are adjusted by the CMS curve in Exhibit 14.
d) There is no rating for Tobacco.

Rates do not vary by any other factor besides plan design, network and age of the individual covered.

The rates are effective for the entire policy period unless there is a change in the number of members covered or the member requests a change in coverage.

Contract limit of 3 Children factor

This adjustment from Exhibit 15 represents the revenue amount lost due to the contract limit of 3 children. We bill only for the 3 oldest children under the age of 21 for families with more than 3 children under the age of 21.

Quarterly Trend

Rates for small group will vary based on the effective date of the group.

Effective Date	Trend Factor
January 1, 2027 to March 31, 2027	1.000
April 1, 2027 to June 30, 2027	1.017
July 1, 2027 to September 30, 2027	1.035
October 1, 2027 to December 31, 2027	1.053

Age Factors

The age factor table used to develop age specific rates is the standard table provided by CMS. Exhibit 14 then recalibrates the CMS Age Curve to the nearest rounded average age of the segment.

PCORI

PCORI is a fee established by the Affordable Care Act to promote research in the health care industry.

The estimated PCORI fee is listed in Exhibit 12.

Risk Adjustment Fee

The Risk Adjustment Fee is a fee established by the Affordable Care Act to cover the administration of the risk adjustment program. The fee is listed in Exhibit 8.

Georgia Access User Fee

Small Group Georgia Access User Fee is 0%.

AV Metal levels and Plan Design

Lines 1, 3, 4 and 14 of Exhibit 16 detail the HIOS ID numbers, whether the plan is offered on or off exchange, metal level, and the Federal AV, respectively.

All members of HMO plans are required to use a Permanente Medical Group (PMG) primary care physician and to obtain pharmacy prescriptions through KFHP. KP Plus product includes a limited benefit of out of network office visits, lab, radiology, and pharmacy. Point of Service members may receive service outside of our network but with higher cost sharing.

Projected Loss Ratio

The expected loss ratio and calculation is summarized in Exhibit 13.

Alternative AV Calculations

The Actuarial Value Calculator does not handle a split generic drug benefit. When copays for preventive generic and other generic drugs are different, we input an average copay calculated using historical drug utilization.

For some plans, preventive generic drugs are not subject to deductibles and coinsurance as are the other drugs in this class. For these plans, an Actuarial Value was calculated with and without the deductible applying to generic, and we used an interpolated value between these two Actuarial Values to calculate the plan Actuarial Value.

Projected Membership

Our assumption for projected membership comes from our marketing strategy team. They provide the total expected membership broken down by month and product type. Actuarial splits the membership into specific plan designs based on existing membership enrollment.

We are projecting 0 member months for the POS plans. We are filing the 2-tier POS plan to comply with State requirements and will not be marketing this plan.

Unified Rate Review Template

Benefit Categories:

The benefit categories in Section II of Worksheet 1 are mapped based on type of service and place of treatment codes. For example:

Benefit Category	Services
Inpatient Hospital	Inpatient Facility, Inpatient Visits (Rounding), Inpatient Surgery, Non Maternity, Maternity
Outpatient Hospital	Outpatient Facility, Emergency/Urgent Care, Hospital Outpatient Other Professional, Outpatient Surgery
Professional	Diagnostic Services, Office Visits, Cardiovascular, Chemotherapy/Pharmacy, Dialysis, PT/OT/ST
Other Medical	Dental, Vision, Home Health, Residential Treatment, Hearing Aid, Ambulance, DME
Capitation	N/A
Prescription	Drug Pharmacy

Trend

This adjustment is consistent with our index rate build up in Exhibit 2. Trend details are in Exhibit 7.

Population Risk Morbidity

This adjustment reflects the impact of morbidity and is consistent with our index rate build up in Exhibit 2.

Demographic Shift

This adjustment is consistent with our index rate build up in Exhibit 2.

Plan Design Changes

This adjustment reflects the difference in induced utilization due to benefit changes between the historical period and the projection period. This is consistent with our index rate build up in Exhibit 2. The utilization adjustment calculation is in Exhibit 5.

Other

Other reflects the adjustment for pediatric dental coverage and is consistent with our index rate build up in Exhibit 2.

Credibility

The 2025 rate development assumes our block is 100% credible. Full credibility is defined at 75,000 life years in regard to rebate calculations, but for purposes of establishing experience, it is normally considered at 2,000 member life years.

Projected Period Index rate

The index rate represents the allowed health benefits we expect to pay as a company during 2027 contract periods starting on January 1, 2027.

Reinsurance

Not applicable.

Risk Adjustment

The Projected Risk Adjustment per member per month is grossed up by the paid-to-allowed average in Exhibit 2.

The following assumptions were used in projecting the 2027 risk adjustment transfer in Exhibit 8:

1) Statewide Average Premium increase
2) Model coefficient change impact
3) Risk relativity change due to increase in market morbidity
4) Changes to KFHP-GA member mix

Georgia Access User Fees

The Georgia Access user fee is 0% for Small Group. This is consistent with our index rate build up in Exhibit 2.

Marketwide Adjusted Index Rate

The projected index rate is adjusted by risk adjustment to arrive at the Marketwide Adjusted Index Rate.

Administrative Expenses, Taxes, Fees, and Contributions to Surplus

Exhibit 10 shows the break out of our administrative expenses and capital contribution. Administrative expenses from 2025 were trended to 2027.

Projected Membership

The total projected membership was developed by our forecasting and planning department. Membership by plan was based on the latest enrollment numbers. We are projecting 0 member months for the Gold 2-Tier POS plan.

Terminated Plans and Products

The following plans were terminated:

HIOS ID	Plan Name	End Date
89942GA0060033	KP Gold Virtual Complete 3000/S11	12/31/2024
89942GA0060034	KP Silver Virtual Complete 5000/S11	12/31/2024
89942GA0060012	KP Gold 2500/0%/$30/S12	12/31/2025
89942GA0060027	KP Gold 3500/0%/$30/S12	12/31/2025
89942GA0060007	KP Silver HDHP 3500/20%/S12	12/31/2025
89942GA0060017	KP Silver 4700/35%/$50/S12	12/31/2025
89942GA0060029	KP Silver 5500/0%/$50/S12	12/31/2025

Other

- The estimated 2027 average annual premium per member is $10,757.
- The average annual premium for 2026 is estimated to be $10,041 , the maximum increase is 8.3%, and the minimum increase is 6.5% assuming no change in age. This results in a weighted increase of 7.1%. This was determined based on projected 2027 membership.
- The experience is specific to Georgia.
- The experience shown in the experience section (section I of worksheet 1) is for all of our ACA small group business.
- The projected experience in section II is based on ACA Business only. We do not anticipate that the transitional business will rollover to ACA plans in 2027, or if it does, it would not be materially different than the business we currently have.
- The forms are revisions for 2027.
- In 2026, we requested a 6.8% rate increase.

URRT Warnings

1) No Current Enrollment and $0 Current PMPMs for terminated plans – The following terminated plans have no membership as of February 2026:

89942GA0060012
89942GA0060027
89942GA0060007
89942GA0060017
89942GA0060029
89942GA0060033
89942GA0060034

2) No Current Enrollment and $0 Current PMPMs for renewing plans – The following renewing plans have no membership as of February 2026:

89942GA0110015

Exhibit Table of Contents:

The following exhibits are included in this filing:

- Exhibit 1 – Change in Marketwide Index rate from 2026
- Exhibit 2 – Marketwide Adjusted Index Rate Development - Summary
- Exhibit 3 – Historical Allowed Claims Development
- Exhibit 4 – Non-EHB Adjustment
- Exhibit 5 – Utilization Copayment Effect Adjustment
- Exhibit 6 – Demographic Adjustment
- Exhibit 7 – Trend Calculation
- Exhibit 8 – Risk Adjustment and Morbidity Development
- Exhibit 9 – Projected Non-EHBs
- Exhibit 10 – Administrative Expense Adjustment
- Exhibit 11 - Embedded Pediatric Dental Adjustment
- Exhibit 12 – ACA Fees
- Exhibit 13 – Development of Projected MLR Under Federal Methodology
- Exhibit 14 – Age Curve Factors
- Exhibit 15 – Contract Limit of 3 Children Factor
- Exhibit 16 - Development of the Plan Adjusted Index Rate
- Exhibit 17 – Quarterly Trend Factors
- Exhibit 18 - Network

Reliance

I relied on others within the company to provide non-EHB data, pediatric dental data, medical trend and utilization assumptions, quality improvement expense, non-member loss assumptions, IBNR, and membership projections. Steps were taken by me to ensure that the information provided is reasonable and reflects an adequate representation of the information necessary to complete this filing.

Kaiser Foundation Health Plan of Georgia
2027 Rate Filing
Kaiser Permanente Small Group (SG)
Actuarial Certification

To the best of my knowledge and judgment, the following are true with respect to this filing:

1. The assumptions used in developing the filed rates are reasonable and in accordance with generally accepted actuarial principles and standard of practice.

2. The development of the Index Rate complies with the applicable State and Federal Statutes and Regulations (45 CFR 156.80(d)(1) and 147.102). The percent of total premium that represents essential health benefits included in Worksheet 2, Sections III and IV was calculated in accordance with actuarial standards of practice. 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. The rating methodologies produce premiums that are reasonable in relation to benefits being provided and the populations being covered and are based on commonly accepted actuarial principles.

3. The rates filed are reasonable in relation to the benefits being provided. The rates are not excessive or unfairly discriminatory.

4. I certify that the actuarial value (AV) for each plan was calculated based on the federal actuarial value calculator and adjusted as allowed under 156.135(b)(2) and 156.135(b)(3).

5. The adequacy of the rates will depend on the ability of management to achieve the utilization and cost targets assumed. Emerging experience will need to be monitored carefully and appropriate adjustments to the rates made on a timely basis. In addition, the level of risk adjustment is unknown at this time. The values used in this rate filing are our best estimates at this time.

6. The URRT does not demonstrate the process used by the issuer to develop rates. Rather it represents information required by the federal regulations to be provided in support of the review of rate increases, for certification of QHP, and for certification that the index rate is developed in accordance with Federal regulation and used consistently and only adjusted by the allowable modifiers.

7. This actuarial opinion is qualified such that the information contained within this filing reflects the state of Georgia and Federal statutes, rules, regulations, and guidance as of May 26, 2026. Changes to the applicable regulations, including Risk Stabilization programs, could have a significant impact on rate development. Subsequent changes to these statutes, rules, and regulations may make these rates deficient and would necessitate revisions to this filing.

8. The geographic rating factors reflect only differences in the costs of delivery and do not include differences for population morbidity by geographic area.

9. This rate filing is in compliance with all applicable Actuarial Standards of Practice, including the following ASOPs:

   ASOP No. 5, *Incurred Health and Disability Claims*

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

ASOP No. 12, *Risk Classification*

ASOP No. 23, *Data Quality*

ASOP No. 25, *Credibility Procedures*

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

ASOP No. 41, *Actuarial Communications*

ASOP No. 50, *Determining Minimum Value and Actuarial Value under the Affordable Care Act*

I am the primary contact person for this rate filing.

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Melissa Belen De Los Santos, ASA, MAAA
Member, American Academy of Actuaries
(678) 895-3714
melissa.e.belen@kp.org