



**CareSource Georgia Co.
Individual Medical Business
Part II – Written Description Justifying the Rate Increase**

This document contains the Part II written description justifying the rate increase subject to review on CareSource Georgia Co.'s (CGA) individual medical block of business, effective January 1, 2026. The statements provided are intended to provide a brief, non-technical description of why the issuer is requesting the proposed rate increase.

Part II – Written Description Justifying the Rate Increase

Scope and Range of Rate Increase

Effective January 1, 2026, CareSource Georgia Co.'s (CGA's) average proposed rate increase is 15.9%, while the exact change varies between -9.6% and 20.3%. The exact rate change for a subscriber varies based on age, geographic region, and plan selection. There are 29,920 members enrolled as of March 2025 who are affected by the change.

Financial Experience of the Product

CGA entered the Georgia individual market in January 2020. CGA had a federal MLR of 88.2% for plan year 2024. The projected federal MLR based on the proposed rate increase is expected to be 82.4% in 2026. The proposed rate increase is intended to account for expected claims activity in 2026, given historical experience and any anticipated changes.

Morbidity

We include a morbidity increase to claims relative to 2024 experience to account for the expiration of enhanced subsidies at the end of the 2025 plan year, consistent with current regulations.

Changes in Medical Service Costs

Medical trend is anticipated to be an average of 9.6% increase per year based on allowed costs. This was developed based on CareSource historical experience and information available on general medical inflation trends. Medical trend is the change driven by utilization (number of services) and unit cost (price of each service) over time.

Changes in Benefits

Changes in benefits have been made to these plans. Some of these changes include updating maximum out-of-pocket and deductibles as required by federal regulations. These changes are reflected in the proposed rate change.

Administrative Costs and Anticipated Margins

CGA expects administrative costs in 2026 to increase on a per member per month basis relative to 2025. These changes are reflected in the proposed rate change.