March 12, 2026

Commissioner Michael Humphreys
1326 Strawberry Square
Harrisburg, PA 17120

Re: Response to Public Comment on Risant–Geisinger Modification Request (Order No. ID-RC-24-03-01)

Dear Commissioner Humphreys:

Geisinger Health Plan ("GHP") appreciates the opportunity to respond to the public comments submitted by Matthew Yarnell, President of SEIU Healthcare Pennsylvania, and Alisha Hoffman-Mirilovich, Executive Director of Action Together NEPA, regarding Risant Health's request for modification of the Pennsylvania Insurance Department's (the "Department") March 27, 2024 Decision and Order approving Risant Health's acquisition of control of Geisinger Health Plan and its affiliates ("Order No. ID-RC-24-03-01"). We appreciate the concerns raised about affordability and access and share the Department's commitment to protecting Pennsylvania consumers.

A. Background

Risk Based Capital ("RBC") requirements ensure insurer solvency and protect policyholders by aligning required surplus with the underlying insurance, investment, and operational risks assumed by a health insurer. According to the National Association of Insurance Commissioners (NAIC), RBC is a prudential solvency tool, not a pricing mechanism, and is designed to establish regulatory action thresholds[1] rather than dictate how surplus is to be deployed above minimum levels.

An RBC reduction reflects a recalibration of the amount of capital that must be statutorily locked for solvency protection. Such a recalibration, when approved by the Department, allows an insurer to redirect capital toward long-term quality, delivery system, and access improvements—including care management infrastructure, provider integration, technology modernization, and population health initiatives—that directly benefit members and support system stability. Indeed, Pennsylvania prohibits the use of RBC determinations in

[1] National Association of Insurance Commissioners, *Risk-Based Capital (RBC) for Insurers Model Act* (Model Law No. 312).

ratemaking. *See* 40 P.S. §§ 221.12-A and 221.12-B. This statutory separation reflects the distinct regulatory purposes of solvency oversight and premium regulation.

To this end, Pennsylvania law further requires that health insurance premiums be actuarially justified based on projected claims and expenses and that rates not be excessive, inadequate, or unfairly discriminatory. Insurers are required to file accident and health insurance rates with the Department for review and approval, supported by actuarial memoranda explaining the basis for the proposed rates, including expected claim costs, utilization, and administrative expenses. *See* 31 Pa. Code § 89.83(a), (b)(3)(i)–(iii) (requiring actuarial memoranda and providing that rates must be adequate but not excessive and nondiscriminatory).

Accordingly, the Department's rate review process focuses on forward-looking cost drivers, not an insurer's RBC. As the Department has explained in its public guidance, rate filings are evaluated to ensure that they reflect "expected claims and operational costs for the upcoming year," rather than balance-sheet capital levels. For these reasons, it would be impractical and improper to require any insurer to freeze healthcare premiums for any period of time, as doing so would conflict with Pennsylvania's requirements that rates remain actuarially sound and responsive to projected medical costs.

B. Affordability Considerations and Response to Public Comment

Both Mr. Yarnell and Ms. Hoffman-Mirilovich assert that affordability concerns have not been adequately addressed and suggest that changes to capital requirements should result in immediate premium reductions. The factual record and approved rate filings do not support that conclusion.

For example, the percentage of Geisinger Health Plan's Department approved 2026 premium increases for individual market products were consistently among the lowest in the Commonwealth across the rating areas in which it participates. As reflected in the approved rate data, the percentage of Geisinger's increases ranked either the lowest or second lowest among all carriers offering individual market plans in the same rating areas and metal tiers.

Additional context further supports this conclusion. From calendar year 2025 to calendar year 2026, health care costs decreased for more than one-quarter of Geisinger Health employees, while costs for the remaining employee population remained unchanged from the prior year.

Plainly, the referenced affordability concerns are not attributable to the March 2024 Risant transaction or to the 2026 requested RBC modification. These facts underscore that GHP has effectively and lawfully managed affordability through actuarially sound mechanisms.

Simply put, premium affordability is achieved through the rate-filing and actuarial review process, not through adjustments to RBC requirements. Pennsylvania law deliberately separates these functions to ensure that rates remain adequate and not unfairly discriminatory while preserving insurer financial stability.

C. Appropriate and Lawful Use of Capital Released Through RBC Adjustment

While Pennsylvania law prohibits the use of released RBC to directly subsidize or offset premiums, it does permit—and indeed contemplates—the redeployment of capital toward investments that *indirectly and sustainably support health care affordability and access*. Such investments may include, but are not limited to:

- Care delivery transformation and quality improvement initiatives that reduce avoidable utilization and unnecessary medical expense;
- Technology investments that improve care coordination, administrative efficiency, and clinical integration; and
- Provider network and infrastructure investments that enhance access to high-quality care in Pennsylvania communities.

The effectiveness of these investments depends on an insurer's ability to exercise informed judgment and operational flexibility in determining how capital can be deployed to address evolving cost drivers, utilization trends, and population health needs. Health care affordability is influenced by numerous interrelated factors—including medical inflation, workforce shortages, pharmaceutical pricing, and utilization patterns—that vary over time and cannot be addressed through a single, static use of capital.

Imposing prescriptive conditions on how capital released through an RBC adjustment must be used is inconsistent with the purpose of the Commonwealth's RBC statute. The statute is designed to ensure solvency and protect policyholders while allowing insurers to operate efficiently above minimum capital thresholds, not to substitute regulatory directives for actuarial, clinical, and operational decision-making. *See* 40 P.S. §§ 221.1-A–221.15-A.

Moreover, the commenters' assertion that released capital should be applied to specific affordability measures—such as premium freezes or mandated cost reductions—would risk undermining actuarial soundness and could have unintended consequences, including cost-shifting, reduced investment in quality initiatives, or future premium volatility. Pennsylvania's regulatory framework appropriately addresses affordability through rate filing review, actuarial oversight, and market competition, while reserving solvency regulation for its distinct and essential role.

Accordingly, maintaining flexibility in the use of capital released through an approved RBC adjustment is not only lawful, but necessary to allow Geisinger to continue making targeted, evidence-based investments that support long-term affordability, access, and quality of care for Pennsylvanians.

D. Oversight of Post-Closing Baseline Capital Commitment

The March 27, 2024 Decision and Order expressly evaluated the financial commitments to Geisinger Health, including the Baseline Capital Commitment to make available no less than Two Billion Dollars during the five (5) year period following the Closing Date. The Department approved the transaction pursuant to the Insurance Holding Companies Act after concluding that the transaction—including the capital commitments and governance structure—would not be hazardous or prejudicial to policyholders or the public. *See* Order No. ID-RC-24-03-01 (Mar. 27, 2024).

Importantly, the pending RBC modification request does not seek to alter, reduce, or eliminate the approved Baseline Capital Commitment, nor does it seek to modify the Department's authority to oversee compliance with the terms of the March 27, 2024 Order. The modification request is narrowly focused on RBC requirements and does not reopen or revise the Department's findings or conditions related to Capital Commitments.

Finally, March 27, 2024 Order compels Geisinger Health to file detailed periodic certifications confirming that capital has been spent pursuant to the terms of the Order. No additional conditions are necessary or appropriate to ensure accountability for the Two Billion Dollar Baseline Capital Commitment.

E. Conclusion

For the reasons above, while we understand the concerns expressed regarding affordability of healthcare, a reduction in required RBC cannot lawfully or actuarially be used to directly reduce or offset commercial health insurance premiums. The modification request instead enables capital to be redeployed in a manner consistent with solvency regulation, actuarial standards, and long-term consumer protection.

We appreciate the Department's careful review of this matter and remain available to provide any additional information that may assist in your evaluation.

Respectfully submitted,

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