Molina Healthcare of Kentucky, Inc.

Part II: Explanation of the Rate Increase
Effective January 1, 2026

Molina Healthcare of Kentucky, Inc. is a managed care organization that provides healthcare services for individuals eligible for Medicaid, Medicare, and Marketplace throughout the State of Kentucky. Molina is a licensed state health plan managed by its parent corporation, Molina Healthcare, Inc.

1. Scope and range of the rate increase: Molina's proposed rates represent an average rate increase of 15.1% for the 4,346 Molina members enrolled in continuing plans effective March 2025. The proposed rate changes vary by metal tier. Members would receive premium changes of approximately 11.8% to 21.7% depending on their geographic location, metal tier, and age.

2. Financial experience of the product: The proposed premium rates yield a medical loss ratio of 86.4%. The medical loss ratio represents the percentage of every premium dollar that Molina expects to spend on medical expenses and improving health care quality for our members. The projected medical loss ratio of 86.4% exceeds the Affordable Care Act minimum required loss ratio of 80.0%.

3. Changes in Medical Service Costs: Medical inflation related to the utilization and cost of covered services increased claims by 6.9%. Trend is one of the primary contributors to an increase in rates. Changes in provider contracting rates also contributes to the regional rate changes.

4. Changes in Benefits: In 2026, Molina is renewing five Gold and Silver plan offerings from 2025. The impact on rates from benefit design changes for all renewal plans is minimal.

5. Administrative Costs and Anticipated Margins: Total administrative expenses are expected to contribute toward 14.8% of premium, remaining the same as 2025. The exchange fee is expected to increase. The targeted profit margin remains 3.0% of premium.

5. Administrative Costs and Anticipated Margins: The expiration of the enhanced premium tax credits (eAPTCs), Program Integrity and overall economic uncertainty will lead to people leaving the Marketplace, which a higher skew of healthy leaving and therefore driving up acuity in the risk pool.