

This filing is for Molinas 2026 ACA-compliant Individual plans offered on and off exchange. Projected member months are 29,134, more than double the 2025 projection of 12,440. The federally adjusted projected loss ratio is 86.5%, exceeding the ACA minimum of 80%. The assumed profit margin is 3.0%, consistent with prior years. Molina initially requested a 9.9% average rate increase. After review and updates, the final requested increase is 16.3%, with plan-level changes ranging from 11.8% to 22.8%. The filing was also refiled to comply with the Actuarial Value (AV) de minimis requirements which raised the overall rate increase request from 15.1% to 16.3%. Updates included an acuity adjustment for the Program Integrity Rule, revised claims runout, and updated administrative expenses. Key assumptions: Demographics: A 0.996 adjustment was applied to reflect a 0.4% reduction in expected claims due to differences between KY and OH populations. Retention: Proposed retention of 19.75% was lowered slightly while revising to comply with the de minimis ranges. The overall retention is slightly higher than the prior year's 19.3%. Trend: Molina assumed a 6.9% annual trend rate, up from 5.7%. Historical utilization data was deemed unreliable, so the Company used 2025 URRT public data from states with credible Individual Market experience. Cost trends were based on expected changes in reimbursement and provider mix across KY from 2024 to 2026. These assumptions were found reasonable and aligned with industry norms. SB188 Impact: Initially excluded, later added with a 0.8% premium impact via increased Rx utilization trend. Supporting documentation was provided and deemed reasonable. The filing was reviewed thoroughly. The actuary responded to all questions and provided supporting exhibits. While actual results may vary due to market uncertainty, the assumptions were adequately supported. Based on the review, and with no substantial outstanding compliance issues under 806 KAR 17:150, the rate filing was approved with an average increase of 16.3%.