

This filing pertains to Anthems 2026 ACA compliant Individual plans. The initial average requested rate increase was 23.84%. Final rate changes range from 10.92% to 42.05%. The Company revised its plan offerings from the previously approved 2026 filing (2025-010520-R) due to the City of Columbus, et al. v Kennedy lawsuit. Anthem revised their Catastrophic plan factor from the previously approved 2026 filing (from 0.7634 to 0.9291) to reflect the revised expectations for Catastrophic plans as a result of the expanded access to catastrophic coverage for individuals expecting to be ineligible for APTCs or CSRs based on projected annual income. The projected pricing loss ratio is 81.6%, equivalent to an ACA defined MLR of 83.8%, exceeding the 80.0% minimum by 3.8%. The assumed profit margin is 5.1%, deemed reasonable given the MLR surplus. Anthem based its rate development on 2024 ACA compliant plan experience, considering it 100% credible with approximately 33,000 members well above the 12,000 member threshold for full credibility. Key Assumptions: Base Experience: 2024 claims paid through March 2025. Non Benefit Expenses: Projected at 15.0% of premium, including: Administrative: 6.94% Taxes and Fees: 2.95% Profit and Risk Margin: 5.11% Trend: Anthem assumed a 9.6% annual allowed trend, translating to an 11.0% paid trend. This was developed by normalizing historical benefit expenses for population changes and known cost drivers (e.g., contracting, cost of care initiatives, drug pipeline, generic introductions). Unit cost increases are expected due to tariff impacts and provider revenue optimization, contributing to a 0.5% annual rise in provider and pharmacy costs. A 0.7% provision for adverse deviation was included, considered reasonable given the MLR surplus. The filing underwent thorough review. The actuary responded to all inquiries and provided supporting documentation and exhibits. While actual results may vary due to market uncertainties, the assumptions were adequately supported. Based on the review, and with no substantial compliance issues under 806 KAR 17:150, the rate filing was approved with an average increase of 23.84%.