

## Molina Healthcare of Kentucky, Inc.

### Part II: Explanation of the Rate Increase Effective January 1, 2027

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 a rate increase of 21.2% for the Molina members enrolled in continuing plan effective March 2026.

**2. Financial experience of the product:** The proposed premium rates yield a medical loss ratio of 93.3%. 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 93.3% 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 8.4%. Trend is one of the primary contributors to an increase in rates. Changes in provider contracting rates also contribute to the rate change.

**4. Changes in Benefits:** In 2027, Molina is renewing one Gold plan from 2026. The impact on rates from benefit design changes is minimal.

**5. Administrative Costs and Anticipated Margins:** Total administrative expenses are expected to contribute toward 8.1% of premium, compared to 14.6% in 2026. The targeted profit margin remains 3.0% of premium.