



ACTUARIAL MEMORANDUM

1. General Information

- Company Identifying Information

Company Legal Name:	Anthem Health Plans of Kentucky, Inc.
State:	Kentucky
HIOS Issuer ID:	36239
NAIC Company Code:	95120
Market:	Small Group
Effective Date:	January 1, 2027

- Company Contact Information

Primary Contact Name:	Brian Strong
Primary Contact Telephone Number:	[REDACTED]
Primary Contact Email Address:	[REDACTED]

2. Scope and Purpose of the Filing

This is a rate filing for the Small Group market ACA-compliant plans offered by Anthem Health Plans of Kentucky, Inc., also referred to as Anthem. The policy forms associated with these plans are listed below. The proposed rates in this filing will be effective for the 2027 plan year beginning January 1, 2027, and apply to plans both On-Exchange and Off-Exchange. This filing also includes quarterly premium trends for the year. Rates are guaranteed for 12 months after the group's effective date or renewal date. The products and proposed rates in this filing apply to groups with 50 or fewer employees.

The Memorandum provides support to the rate development and demonstrates that rates are established in compliance with state laws and provisions of the Affordable Care Act. The rates proposed in this submission reflect the regulatory framework and insurer participation in the market as of June 1, 2026. If the regulatory framework or insurer participation in the market changes after this date, proposed rates may no longer be appropriate and should be reevaluated for revision and resubmission. This rate filing is not intended to be used for other purposes.

Policy Form Number(s):

ABCBS-KY-PPO Rev (1/27)
ABCBS-KY-HMO Rev (1/27)

3. Proposed Rate Increase(s)

The proposed rates have been developed from 2025 ACA experience.

The proposed annual rate changes by product in this filing range from [REDACTED] % to [REDACTED] %, with rate changes by plan from [REDACTED] % to [REDACTED] %. These ranges are based on the renewing plans, and are consistent with what is reported in the Unified Rate Review Template. Exhibit A shows the rate change for each plan.

Factors that affect the rate changes for all plans include:

- Emerging experience different than projected.
- Trend: This includes the impact of inflation, provider contracting changes, and changes in utilization of services.
- Morbidity: There are anticipated changes in the market-wide morbidity of the covered population in the projection period.
- Changes in anticipated risk adjustment transfer dollars in the projection period.
- Benefit modifications.
- Changes in fees and some non-benefit expenses.
- Impact of mandated benefit changes.

Although rates are based on the same claims experience, the rate changes vary by plan due to the following factors:

- Changes in benefit design that vary by plan.
- Updates in benefit relativity factors among plans.
- Changes in some non-benefit expenses that are applied on a PMPM basis.
- Changes in the claim cost relativity by network.

In addition to the rate changes by plan described above, we are also making the following other changes from rates previously filed:

- We are adding new benefit plans as shown in Exhibit A.
- Area factors have been revised based on emerging experience as shown in Exhibit N.

4. Experience and Current Period Premium, Claims, and Enrollment

The experience period premium and claims reported in Worksheet 1, Section I of the Unified Rate Review Template (URRT) are for the non-grandfathered, single risk pool compliant policies of the identified legal entity in the Small Group market. The designation of a small employer applies to group policies of 50 or fewer employees.

- Paid Through Date

The experience reported in Worksheet 1, Section I of the URRT reflects the incurred claims from January 1, 2025 through December 31, 2025 based on claims paid through March 31, 2026.

- Current Date

The Current Date for Current Enrollment and Current Premium PMPM in Worksheet 2, Section II of the URRT is March 31, 2026.

- Experience Period Premium

[REDACTED]

- Allowed and Incurred Claims Incurred During the Experience Period

The allowed claims are determined by subtracting non-covered benefits, provider discounts, and coordination of benefits amounts from the billed amount.

Allowed and incurred claims are completed using the chain ladder method, an industry standard, by using historic paid vs. incurred claims patterns. The method calculates historic completion percentages, representing the percent of cumulative claims paid of the ultimate incurred amounts for each lag month. Claim backlog files are reviewed on a monthly basis and are accounted for in the historical completion factor estimates.

Allowed and incurred claims reported in Worksheet 1, Section I of the URRT are \$ [REDACTED] and \$ [REDACTED], respectively. These amounts differ from those shown in Exhibit B due to the URRT including Rx Rebates and transitional plan experience.

5. Benefit Categories

The methodology used to determine benefit categories in Worksheet 1, Section II of the URRT is as follows:

- Inpatient Hospital: Includes non-capitated facility services for medical, surgical, maternity, mental health and substance abuse, skilled nursing, and other services provided in an inpatient facility setting and billed by the facility.
- Outpatient Hospital: Includes non-capitated facility services for surgery, emergency room, lab, radiology, therapy, observation and other services provided in an outpatient facility setting and billed by the facility.
- Professional: Includes non-capitated primary care, specialist, therapy, the professional component of laboratory and radiology, and other professional services, other than hospital-based professionals whose payments are included in facility fees.
- Other Medical: Includes non-capitated ambulance, home health care, DME, prosthetics, supplies, vision exams, and dental services.
- Capitation: Includes all services provided under one or more capitated arrangements.
- Prescription Drug: Includes drugs dispensed by a pharmacy and rebates received from drug manufacturers.

6. Projection Factors

The experience period claims in Worksheet 1, Section I of the URRT are projected to the projection period using the factors described below. Exhibit C provides a summary of the factors.

- Trend Factors (cost/utilization)

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- Morbidity Adjustment

Adjustments are made to account for the differences between the average morbidity of the experience period population and that of the anticipated population in the projection period.

The morbidity adjustment reflects projected market changes in morbidity. Exhibit F shows the morbidity factor.

- Changes in Demographics (Normalization)

The experience period claims are normalized to reflect anticipated changes in age/gender, area, network, and benefit plan in the projection period. Exhibit E provides detail of each normalization factor below:

- Age/Gender: The assumed claims cost is applied by age and gender to the experience period membership distribution and the projection period membership distribution.
- Area/Network: The area claims factors are developed based on an analysis of allowed claims by network, mapped to the prescribed rating areas using the group's 5-digit zip code.
- Benefit Plan: The experience period claims are normalized to reflect the average benefit level in the projection period using benefit relativities. The benefit relativities include the value of cost shares and anticipated changes in utilization due to the difference in average cost share requirements.

- Plan Design Changes

Changes in benefits include the following items. Exhibit F shows each adjustment factor.

- Essential Health Benefit (EHB) Changes: Adjustments are made to reflect SB188 (Omnibus PBM legislation) and HB115 (breast exams at no member cost share).
- Rx Adjustments: Adjustments are made to reflect differences in the Rx formulary, Rx networks and discounts, and mail order programs between the experience period and the projection period.

- Other Adjustments

Other adjustments to the experience claims data include the following items. Exhibit F and Exhibit G show the factors used for each adjustment.

- Composite Rating: Effective 1/1/17, 4-tier composite rating is available to all groups. As required by 45 CFR §147.102(c) (1) and (3), a small group's total composite premium must equal the sum of the per-member premiums for all covered employees and dependents. In addition, once the composite premiums are computed at the beginning of the plan year, they must not vary during the plan year, regardless of any census changes within the group. The prescribed composite rating factors by tier and an example of the 4-tier composite rating methodology is shown in Exhibit O.
- Rx Rebates: The projected claims cost is adjusted to reflect anticipated Rx rebates. These projections take into account the most up-to-date information regarding anticipated rebate contracts, drug prices, anticipated price inflation, and upcoming patent expirations.

- Projected costs of pediatric dental and vision benefits are included.

Transitional product experience has been included in Worksheet 1, Section I of the URRT, in compliance with URR Instructions. In Exhibit C, transitional policies are not included in the starting claims PMPM as they are not expected to be enrolled in fully ACA-compliant plans during the projection period.

7. Manual Rate Adjustments

The experience period claims are 100% credible based on the credibility method used. Therefore, a manual rate was not used in the rate development.

8. Credibility of Experience

- Credibility Method Used

Based on an analysis of historical data, the standard for fully credible experience is 9,001 members.

To determine credibility, the following formula was used: $\text{square root}(\text{experience period members} / 9,001)$

- Resulting Credibility Level Assigned to Base Period Experience

With 13,310 members, the credibility level assigned to the experience period claims is 100%.

9. Establishing the Index Rate

- Experience Period Index Rate

The experience period Index Rate is equal to the allowed claims PMPM for the essential health benefits of Anthem's non-grandfathered business in the Small Group market. The experience period Index Rate is \$ [REDACTED]. No benefits in excess of the essential health benefits have been included in this amount.

- Projection Period Index Rate

The projection period Index Rate is equal to projected allowed claims PMPM for the essential health benefits of Anthem's non-grandfathered business in the Small Group market. It reflects the anticipated claim level of the projection period including impact from trend, benefit and demographics as described in Section 6 of this memo.

The projected Index Rate is reported in Worksheet 1, Section II, cell F42 of the URRT and is also shown in Exhibit D. No benefits in excess of the essential health benefits have been included in this amount.

- Quarterly Premium Trend Factors

Quarterly premium rate changes will be implemented for products both On-Exchange and Off-Exchange. Exhibit D provides the quarterly premium trend factors for the remainder of the year.

10. Development of the Market-wide Adjusted Index Rate

The Market-wide Adjusted Index Rate is calculated as the Index Rate adjusted for all allowable market-wide modifiers defined in the market rating rules. The three market-wide adjustments - Risk Adjustment, Reinsurance, and Exchange User Fee adjustment - are described below. In compliance with URR Instructions, these adjustments were applied on an allowed basis in the development of the Market-wide Adjusted Index Rate. Exhibit D illustrates the development of the Market-wide Adjusted Index Rate.

- Projected Risk Adjustments PMPM

Projection period risk adjustments are estimated based on the HHS payment transfer formula. An independent consultant's study and CMS preliminary 2025 risk adjustment transfers are used to develop the assumptions for the company's relative risk to the market. Projected changes in population movements and demographics that may affect risk adjustments are also considered, as well as the impact of high-cost risk pooling.

The projected risk adjustment PMPMs reported in Worksheet 2 of the URRT are on a paid claim basis, while the projected amount applied to the development of Market-wide Adjusted Index Rate is on an allowed claim basis. Exhibit D and Exhibit H provide details.

- Projected ACA Reinsurance Recoveries Net of Reinsurance Premium

Beginning in 2017, the Federal reinsurance program is no longer in effect. The projected reinsurance contribution amount is \$0.

- Exchange User Fees

11. Plan Adjusted Index Rate

The Plan Adjusted Index Rate is calculated as the Market-wide Adjusted Index Rate adjusted for all allowable plan level modifiers defined in the market rating rules. Exhibit K shows the development. The plan level modifiers are described below:

- AV and Cost Sharing Adjustments: This is a multiplicative factor that adjusts for the projected paid/allowed ratio of each plan, based on the AV metal value with an adjustment for utilization differences due to differences in cost sharing.
- CSR Load Factor: There is no CSR Load applied to Small Group plans. The factor of 1.0 indicates no adjustments.
- Provider Network Adjustments: This is a multiplicative factor that adjusts for differences in projected claims cost due to different network discounts.
- Adjustments for Benefits in Addition to the Essential Health Benefits: This multiplicative factor adjusts for additional non-EHB benefits shown in Exhibit G.

- Catastrophic Plan Adjustment: There are no catastrophic plans in this filing. The factor of 1.0 indicates no adjustments.
- Adjustments for Distribution and Administrative Cost: This is an additive adjustment that includes all the selling expense, administration and retention Items shown in Exhibit I.

12. Calibration

The Plan Adjusted Index Rate is calibrated by the Age and Geographic factors so that the schedule of premium rates for each plan can be further developed. Exhibit L shows both calibration factors.

- Age Curve Calibration

The age factors are based on the Default Federal Standard Age Curve. The age calibration adjustment is calculated as the member weighted average of the age factors, using the projected membership distribution by age, with an adjustment for the maximum of 3 child dependents under age 21. Under this methodology, the approximate average age rounded to the nearest whole number for the risk pool is 46.

- Geographic Factor Calibration

The geographic factors are developed from historical claims experience. The geographic calibration adjustment is calculated as the member weighted average of the geographic factors, using the projected membership distribution by area.

13. Consumer Adjusted Premium Rate Development

The Consumer Adjusted Premium Rate is calculated by calibrating the Plan Adjusted Index Rate by the Age and Geographic calibration factors described above, and applying consumer specific age and geographic rating factors. Exhibit O has the sample rate calculations.

14. Projected Loss Ratio

- Projected Federal MLR

Exhibit J shows the projected Federal MLR for the products in this filing. The calculation is an estimate and is not meant to be a true measure for Federal or State MLR rebate purposes. The products in this filing represent only a subset of Anthem's Small Group business. The MLR for Anthem's entire book of Small Group business will be compared to the minimum Federal benchmark for purposes of determining regulation-related premium refunds. Also note that the projected Federal MLR presented here does not capture all adjustments, including but not limited to: three-year averaging, credibility, dual option, and deductible. Anthem's projected MLR for the rating period of this rate filing is expected to meet or exceed the minimum MLR standards at the market level after including all adjustments.

15. Actuarial Value Metal Values

The Actuarial Value (AV) Metal Values reported in Worksheet 2, Section I of the URRT are based on the AV Calculator. To the extent a component of the benefit design was not accommodated by an available input within the AV Calculator, the benefit characteristic was adjusted to be actuarially equivalent to an available input within the AV Calculator for purposes of utilizing the AV Calculator as the basis for the AV Metal Values. When applicable, benefits for plans that are not compatible with the parameters of the AV Calculator have been separately identified and documented in the Unique Plan Design Supporting Documentation and Justification that supports the Plan & Benefits Template.

16. Membership Projections

Membership projections are reported in Worksheet 2, Section IV of the URRT. They are based on historical and current enrollment, expected new sales and lapses, and anticipated voluntary movement from transitional policies.

17. Terminated Plans and Products

Exhibit P provides a listing of products from 2024, 2025, and 2026 that will be terminated prior to January 1, 2027.

18. Plan Type

The plan type for each plan reported in Worksheet 2, Section I of the URRT is consistent with the option chosen from the drop-down box.

19. Reliance

In support of this rate development, various data and analyses were provided by other members of Anthem's actuarial staff, including data and analysis related to cost of care, valuation, and pricing. I have reviewed the data and analyses for reasonableness and consistency. I have also relied on Wayne Rosen, FSA, MAAA to provide the actuarial certification for the Unique Plan Design Supporting Documentation and Justification for plans included in this filing.

20. Actuarial Certification

I, Brian Strong, am an actuary for Elevance Health, the holding company of Anthem. I am a member of the American Academy of Actuaries and a Fellow of the Society of Actuaries. I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein. I hereby certify that the following statements are true to the best of my knowledge with regards to this filing:

(1) The projected Index Rate is:

- In compliance with all applicable state and Federal statutes and regulations (45 CFR 156.80 and 147.102)
- Developed in compliance with the appropriate Actuarial Standards of Practice (ASOP's) including but not limited to: ASOP No. 8 (Regulatory Filings for Health Benefits, Accident and Health Insurance, and Entities Providing Health Benefits), ASOP No. 23 (Data Quality), and ASOP No. 41 (Actuarial Communications).

- Reasonable in relation to the benefits provided and the population anticipated to be covered
- Not excessive nor deficient

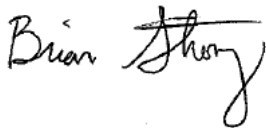
(2) The Index Rate and only the allowable modifiers as described in 45 CFR 156.80(d)(1) and 156.80(d)(2) were used to generate plan level rates.

(3) The geographic rating factors reflect differences in the costs of delivery (which can include unit cost and provider practice pattern differences) and do not include differences for population morbidity by geographic area.

(4) The most recent approved AV Calculator was used to determine the AV Metal Values shown in Worksheet 2 of the Part I Unified Rate Review Template for all plans.

The Part I Unified Rate Review Template does not demonstrate the process used by the issuer to develop the rates. Rather it represents information required by Federal regulation to be provided in support of the review of rate changes, for certification of Qualified Health Plans for Federally-Facilitated Exchanges, and for certification that the Index Rate is developed in accordance with Federal regulation, used consistently, and only adjusted by the allowable modifiers. However, this Actuarial Memorandum does accurately describe the process used by the issuer to develop the rates.

The rates proposed in this submission reflect the regulatory framework and insurer participation in the market as of June 1, 2026. If the regulatory framework or insurer participation in the market change after this date, proposed rates may no longer be appropriate and should be reevaluated for revision and resubmission. Issuer market entry and exit can have a significant impact on rates through the risk adjuster mechanisms in the ACA and create a need for reconsideration and revision of proposed premium rates.



Brian Strong
Actuarial Director

June 1, 2026

Date

Exhibit A - Non-Grandfathered Rate Changes

Anthem Health Plans of Kentucky, Inc.
Small Group

Rates Effective January 1, 2027

HIOS Plan Name	2027 HIOS Plan ID	On/Off		Network Name	Area(s) Offered	Plan Category	Plan Specific Rate Change (excluding aging) ^{(1),(2)}
		Exchange	Metal Level				
	36239KY0980053	Off	Silver	Blue Access			
	36239KY0980054	Off	Silver	Blue Access			
	36239KY0980051	Off	Silver	Blue Access			
	36239KY0980047	Off	Gold	Blue Access			
	36239KY0980050	Off	Gold	Blue Access			
	36239KY0980048	Off	Gold	Blue Access			
	36239KY0980049	Off	Gold	Blue Access			
	36239KY0980046	Off	Gold	Blue Access			
	36239KY0980045	Off	Gold	Blue Access			
	36239KY0990273	Off	Bronze	Blue Access			
	36239KY0990238	Off	Bronze	Blue Access			
	36239KY0990274	Off	Bronze	Blue Access			
	36239KY0990220	Off	Silver	Blue Access			
	36239KY0990260	Off	Silver	Blue Access			
	36239KY0990284	Off	Silver	Blue Access			
	36239KY0990265	Off	Silver	Blue Access			
	36239KY0990263	Off	Silver	Blue Access			
	36239KY0990269	Off	Silver	Blue Access			
	36239KY0990272	Off	Silver	Blue Access			
	36239KY0990271	Off	Silver	Blue Access			
	36239KY0990257	Off	Silver	Blue Access			
	36239KY0990237	Off	Gold	Blue Access			
	36239KY0990261	Off	Gold	Blue Access			
	36239KY0990278	Off	Gold	Blue Access			
	36239KY0990275	Off	Gold	Blue Access			
	36239KY0990286	Off	Gold	Blue Access			
	36239KY0990262	Off	Gold	Blue Access			
	36239KY0990289	Off	Gold	Blue Access			
	36239KY0990283	Off	Gold	Blue Access			
	36239KY0990287	Off	Gold	Blue Access			
	36239KY0990282	Off	Gold	Blue Access			
	36239KY0990285	Off	Gold	Blue Access			
	36239KY0990281	Off	Platinum	Blue Access			
	36239KY0990190	Off	Platinum	Blue Access			
	36239KY0990242	Off	Platinum	Blue Access			
	36239KY0990288	Off	Platinum	Blue Access			
	36239KY1170130	Off	Bronze	Pathway HMO			
	36239KY1170073	Off	Bronze	Pathway HMO			
	36239KY1170129	Off	Bronze	Pathway HMO			
	36239KY1170120	Off	Silver	Pathway HMO			
	36239KY1170138	Off	Silver	Pathway HMO			
	36239KY1170115	Off	Silver	Pathway HMO			
	36239KY1170056	Off	Silver	Pathway HMO			
	36239KY1170127	Off	Silver	Pathway HMO			

Exhibit A - Non-Grandfathered Rate Changes

Anthem Health Plans of Kentucky, Inc.
Small Group

Rates Effective January 1, 2027

HIOS Plan Name	2027 HIOS Plan ID	On/Off		Network Name	Area(s) Offered	Plan Category	Plan Specific Rate Change (excluding aging) ^{{1},{2}}
		Exchange	Metal Level				
	36239KY1170131	Off	Silver	Pathway HMO			
	36239KY1170117	Off	Silver	Pathway HMO			
	36239KY1170122	Off	Silver	Pathway HMO			
	36239KY1170128	Off	Silver	Pathway HMO			
	36239KY1170125	Off	Gold	Pathway HMO			
	36239KY1170137	Off	Gold	Pathway HMO			
	36239KY1170136	Off	Gold	Pathway HMO			
	36239KY1170142	Off	Gold	Pathway HMO			
	36239KY1170118	Off	Gold	Pathway HMO			
	36239KY1170119	Off	Gold	Pathway HMO			
	36239KY1170140	Off	Gold	Pathway HMO			
	36239KY1170141	Off	Gold	Pathway HMO			
	36239KY1170139	Off	Gold	Pathway HMO			
	36239KY1170135	Off	Platinum	Pathway HMO			
	36239KY1170075	Off	Platinum	Pathway HMO			
	36239KY1170037	Off	Platinum	Pathway HMO			
	36239KY1180035	Off	Silver	Pathway HMO			
	36239KY1180036	Off	Silver	Pathway HMO			
	36239KY1180033	Off	Silver	Pathway HMO			
	36239KY1180028	Off	Gold	Pathway HMO			
	36239KY1180037	Off	Gold	Pathway HMO			
	36239KY1180031	Off	Gold	Pathway HMO			
	36239KY1180032	Off	Gold	Pathway HMO			
	36239KY1180030	Off	Gold	Pathway HMO			
	36239KY1180029	Off	Gold	Pathway HMO			

NOTES:

{1} Plan level increases in rates do not include demographic changes in the population.

{2} Plan level rate increases were developed in accordance to URR Instructions. For 'New' 2027 plans, non-zero rate increases were calculated based off 2026 terminated plans mapped to them.

Exhibit B - Claims Experience for Rate Developments

**Anthem Health Plans of Kentucky, Inc.
Small Group**

Experience Rate Claims Experience
Incurred January 1, 2025 through December 31, 2025
Paid through March 31, 2026

PAID CLAIMS:									
Incurred and Paid Claims:		IBNR:		Fully Incurred Claims:			Total	Member	Total
Medical	Drug	Medical	Drug	Medical	Drug	Capitation	Benefit Expense	Months	PMPM

ALLOWED CLAIMS:									
Incurred and Paid Claims:		IBNR:		Fully Incurred Claims:			Total	Member	Total
Medical	Drug	Medical	Drug	Medical	Drug	Capitation	Benefit Expense	Months	PMPM

Note

{1} The 'Experience Rate Claims Experience' above does not account for Transitional Plans or Rx Rebates in 'Paid Claims', whereas the claims shown in Worksheet 1, Section 1 of the URRT include them, if present.

Exhibit C - Index Rate Development

Anthem Health Plans of Kentucky, Inc. Small Group

Rates Effective January 1, 2027

	Experience Rate	
1) Starting Paid Claims PMPM		Exhibit B
2) x Normalization Factor		Exhibit E
3) = Normalized Claims		= (1) x (2)
4) x Plan Design Changes		Exhibit F
5) x Morbidity Changes		Exhibit F
6) x Trend Factor		Exhibit F
7) = Projected Paid Claim Cost		= (3) x (4) x (5) x (6)
8) Credibility Weight		
9) Blended Paid Claims		
10) - <u>Non-EHBs Embedded in Line Item 1) Above</u>		
11) = Projected Paid Claims, Excluding ALL Non-EHBs		= (9) - (10)
12) + Rx Rebates		Exhibit G
13) + Additional EHBs		Exhibit G
14) = Projected Paid Claims Reflecting only EHBs		= (11) + (12) + (13)
15) ÷ Paid to Allowed Ratio		
16) = Index Rate ^{2}		= (14) / (15)

NOTE:

- {1} Factors above are detailed in subsequent exhibits
- {2} 1Q Index Rate is Projected Allowed Claims for EHBs only
- {3} Index Rate may differ slightly from URRT due to rounding

Exhibit D - Quarterly Index and Market Adjusted Index Rate Development

Anthem Health Plans of Kentucky, Inc. Small Group

	Rates Effective:				Member Weighted Average
	1Q27	2Q27	3Q27	4Q27	
Renewing Membership					
Quarterly Allowed Trend					
Index Rate ^{1}					
Reinsurance Contribution ^{2}					
Expected Reinsurance Payments					
Risk Adjustment Net Transfer					
Exchange User Fee					
Paid-to-allowed Ratio					
Market-wide Adjusted Index Rate ^{3}					
Quarterly Premium Trend ^{4}					

NOTES:

{1} The 1Q index rate was derived in Exhibit C. The index rate changes each quarter with the quarterly allowed trend as illustrated above.

{2} The details of Risk Mitigation programs are shown in Exhibit H. Exchange User Fee is explained in the Memo, and also shown in Exhibit I.

{3} Market-wide Adjusted Index Rate = Index Rate + ((Reinsurance + Risk Adjustment + Exchange User Fee) ÷ Paid-to-allowed Ratio)

{4} The quarterly premium trend reflects quarterly allowed trend, deductible leveraging, and anticipated quarterly changes in risk mitigation programs and non-benefit expenses.

{5} Minor rate variances may occur due to differences in rounding methodology.

Exhibit E - Normalization Factors

**Anthem Health Plans of Kentucky, Inc.
Small Group**

Rates Effective January 1, 2027

	Average Claim Factors - Experience Rate		Normalization Factor ⁽¹⁾
	Experience Period Population	Future Population	
Age/Gender			
Area/Network			
Benefit Plan			
Total			

Note

{1} Normalization Factor = Future Population Factor / Experience Period Population Factor

Exhibit F - Projection Period Adjustments

Anthem Health Plans of Kentucky, Inc. Small Group

Rates Effective January 1, 2027

<i>Impact of Changes Between Experience Period and Projection Period:</i>		
	<u>Experience Rate</u>	
<u>Plan Design Changes</u>		
EHB Changes		
Rx adjustments		
<u>Total Benefit Changes</u>		
<u>Morbidity Changes</u>		
Total Morbidity Changes		
<u>Trend & Other Cost of Care Impacts</u>		
Annual Medical/Rx Trend Rate		
# Months of Projection		
Trend Factor		

Note

{1} Explanation of the factors above is provided in the Actuarial Memorandum

Exhibit G - Other Claim Adjustments

**Anthem Health Plans of Kentucky, Inc.
Small Group**

Rates Effective January 1, 2027

<i>Other Claim Adjustments</i>	
	PMPM
Rx Rebates	
Additional EHBs Pediatric Dental Pediatric Vision	
Total - Additional EHBs	
Additional non-EHBs CCP, Adult Dental, Adult Vision	
Total - Additional Non-EHBs	

NOTES:

{1} This exhibit includes projected claims from lines 12 & 13 of Exhibit C and additional non EHBs.

Exhibit H - Risk Adjustment and Reinsurance - Contributions and Payments

**Anthem Health Plans of Kentucky, Inc.
Small Group**

Rates Effective January 1, 2027

<u>Risk Adjustment:</u>		
PMPM		Net Transfer{1}
Federal Program		████████
<u>Reinsurance:</u> ^{2}		
PMPM	Contributions Made	Expected Receipts
Federal Program	\$0.00	\$0.00
Grand Total of All Risk Mitigation Programs		████████

NOTES:

{1} Projected risk adjustment transfer amount is explained in the Memorandum "Development of the Market-wide Adjusted Index Rate" Section.

{2} Federal Reinsurance Program is no longer applicable starting in 2017.

Exhibit I - Non-Benefit Expenses and Profit & Risk

**Anthem Health Plans of Kentucky, Inc.
Small Group**

Rates Effective January 1, 2027

	Expenses Applied As a PMPM Cost	Expenses Applied as a % of Premium ⁽¹⁾		Expenses Expressed as a PMPM ⁽⁵⁾
Administrative Expenses				
Administrative Costs				
Quality Improvement Expense				
Selling Expense				
Specialty Expenses				
Total Administrative Expenses				
Taxes and Fees				
PCORI Fee				
ACA Insurer Fee				
Risk Adjustment Fee ⁽²⁾				
Marketplace User Fee				
MLR-Deductible Federal/State Income Taxes ⁽³⁾				
Misc Taxes & Fees - %-of-Premium				
Total Taxes and Fees				
Profit and Risk Margin ⁽⁴⁾				
Total Non-Benefit Expenses, Profit, and Risk				

NOTES:

{1} The sum of the rounded percentages shown may not equal the total at the bottom of the table due to rounding.

{2} The Risk Adjustment User Fee reflects the per capita annual user fee rate established by HHS at the time this filing was prepared: \$ [redacted] per year or \$ [redacted] per-enrollee-per-month.

{3} Includes only those income taxes which are deductible from the MLR denominator; in particular, Federal income taxes on investment income are excluded.

{4} Profit and Risk Margin shown here is post-tax profit, net of those federal and state income taxes which are deductible from the MLR denominator.

{5} Anthem's Non-Benefit Expenses are applied in both PMPM and % of Premium as shown above. The last column expresses all non-benefit Expenses in PMPM only.

Exhibit J - Federal MLR Estimated Calculation

Anthem Health Plans of Kentucky, Inc. Small Group

Rates Effective January 1, 2027

Numerator:

Incurred Claims ⁽¹⁾
 + Quality Improvement Expense
 + Risk Corridor Contributions
 + Risk Adjustment Net Transfer
 + Reinsurance Receipts
 + Risk Corridor Receipts
 + Reduction to Rx Incurred Claims (ACA MLR)

 = **Estimated Federal MLR Numerator**

[REDACTED] Exhibit C (Line 14) + Exhibit G (Total Non-EHBs)
 [REDACTED] Exhibit I
 [REDACTED] Exhibit H
 [REDACTED] Exhibit H
 [REDACTED] Footnote ⁽³⁾

Denominator:

Premiums ⁽²⁾
 - Federal and State Taxes
 - Premium Taxes
 - Risk Adjustment User Fee
 - Reinsurance Contributions
 - Licensing and Regulatory Fees

 = **Estimated Federal MLR Denominator**

[REDACTED] Incurred Claims + Exhibit H (Total) + Exhibit I (Total)
 [REDACTED] Exhibit I (Federal/State Income Taxes)
 [REDACTED] Exhibit I (Premium Tax)
 [REDACTED] Exhibit I
 [REDACTED] Exhibit H
 [REDACTED] Exhibit I (PCORI, ACA and Marketplace Fees)

Estimated Federal MLR

[REDACTED] Footnote ⁽⁴⁾

NOTES:

#REF!

{2} Premiums = Incurred Claims in this exhibit + Risk Mitigation Programs in Exhibit H + Non-Benefit Expenses and Profit & Risk Margin in Exhibit I

{3} This is the amount of 2027 pharmacy claims that are attributable to Third Party Administrative Expenses (i.e. the 'retail spread' or 'pharmacy claims margin'). It is calculated by applying the third party margin percentage to the 2027 projected Pharmacy claims including projected rebates.

{4} The above calculation is purely an estimate and not meant to be compared to the minimum MLR benchmark for federal/state MLR rebate purposes:

- * The above calculation represents only the products in this filing. Federal MLR will be calculated at the legal entity and market level.
- * Not all numerator/denominator components are captured above (for example, fraud and prevention program costs, payroll taxes, assessments for state high risk pools etc.).
- * Other adjustments may also be applied within the federal MLR calculation such as 3-year averaging, new business, credibility, deductible and dual option. These are ignored in the above calculation.
- * Licensing and Regulatory Fees include ACA-related fees as allowed under the MLR Final Rule.

Exhibit K - Plan Adjusted Index Rate and Consumer Adjusted Premium Rates

**Anthem Health Plans of Kentucky, Inc.
Small Group**

Rates Effective January 1, 2027

HIOS Plan Name	HIOS Plan ID	Market Adjusted Index Rate (Exhibit D)	Cost Sharing Adjustment	CSR Load Factor	Provider Network Adjustment	Adjustment for Benefits in Addition to the EHBS	Catastrophic Plan Adjustment ⁽¹⁾	Administrative Costs ⁽²⁾	Plan Adjusted Index Rate ⁽³⁾	Calibration Factor ⁽⁴⁾	Adjust to 1Q27 eff date	Consumer Adjusted Premium Rate ⁽⁵⁾
	36239KY0980053											
	36239KY0980054											
	36239KY0980051											
	36239KY0980047											
	36239KY0980050											
	36239KY0980048											
	36239KY0980049											
	36239KY0980046											
	36239KY0980045											
	36239KY0990273											
	36239KY0990238											
	36239KY0990274											
	36239KY0990220											
	36239KY0990260											
	36239KY0990284											
	36239KY0990265											
	36239KY0990263											
	36239KY0990269											
	36239KY0990272											
	36239KY0990271											
	36239KY0990257											
	36239KY0990237											
	36239KY0990261											
	36239KY0990278											
	36239KY0990275											
	36239KY0990286											
	36239KY0990262											
	36239KY0990289											
	36239KY0990283											
	36239KY0990287											
	36239KY0990282											
	36239KY0990285											
	36239KY0990281											
	36239KY0990190											
	36239KY0990242											
	36239KY0990288											
	36239KY1170130											
	36239KY1170073											
	36239KY1170129											
	36239KY1170120											
	36239KY1170138											
	36239KY1170115											
	36239KY1170056											
	36239KY1170127											
	36239KY1170131											
	36239KY1170117											
	36239KY1170122											
	36239KY1170128											
	36239KY1170125											
	36239KY1170137											
	36239KY1170136											
	36239KY1170142											
	36239KY1170118											
	36239KY1170119											
	36239KY1170140											
	36239KY1170141											
	36239KY1170139											
	36239KY1170135											
	36239KY1170075											
	36239KY1170037											
	36239KY1180035											

Exhibit K - Plan Adjusted Index Rate and Consumer Adjusted Premium Rates

**Anthem Health Plans of Kentucky, Inc.
Small Group**

Rates Effective January 1, 2027

HIOS Plan Name	HIOS Plan ID	Market Adjusted Index Rate (Exhibit D)	Cost Sharing Adjustment	CSR Load Factor	Provider Network Adjustment	Adjustment for Benefits in Addition to the EHBS	Catastrophic Plan Adjustment ⁽¹⁾	Administrative Costs ⁽²⁾	Plan Adjusted Index Rate ⁽³⁾	Calibration Factor ⁽⁴⁾	Adjust to 1Q27 eff date	Consumer Adjusted Premium Rate ⁽⁵⁾
	36239KY1180036											
	36239KY1180033											
	36239KY1180028											
	36239KY1180037											
	36239KY1180031											
	36239KY1180032											
	36239KY1180030											
	36239KY1180029											

Notes:

{1} This adjustment reflects the projected costs of the population eligible for catastrophic plans.

{2} This is an additive adjustment that includes all the selling expense, administration and retention items shown in Exhibit I, with the exception of the Exchange User Fee. The Exchange User Fee has been included in the Market-wide Adjusted Index Rate at the market level.

{3} The Plan Adjusted Index Rate is calculated by multiplying the Market-wide Adjusted Index Rate by the AV and cost sharing, CSR load factor, provider network, benefits in addition to the EHBS, and catastrophic plan adjustments and then adding the administrative costs. The Plan Adjusted Index Rate can also be described as a Plan Level Required Premium.

{4} See Exhibit L - Calibration.

{5} The Consumer Adjusted Premium Rate is equal to 'Plan Adjusted Index Rate' divided by 'Calibration Factor'.

Exhibit L - Calibration

Anthem Health Plans of Kentucky, Inc. Small Group

Rates Effective January 1, 2027

<i>Average rating factors for 2027 population:</i>	
Age	
Tobacco	
Area	
Total Calibration Factor{1}	

NOTES:

{1} Total Calibration factor was used in Exhibit K.

{2} Age calibration includes adjustments for membership that exceeds the three child dependent cap, as permitted by CMS per 2027 Part 3 Instructions.

Exhibit M - Age and Tobacco Factors

**Anthem Health Plans of Kentucky, Inc.
Small Group**

Rates Effective January 1, 2027

	Age Factors	Tobacco Factors
Age	2027	2027
0-14		1.000
15		1.000
16		1.000
17		1.000
18		1.000
19		1.000
20		1.000
21		1.000
22		1.000
23		1.000
24		1.000
25		1.000
26		1.000
27		1.000
28		1.000
29		1.000
30		1.000
31		1.000
32		1.000
33		1.000
34		1.000
35		1.000
36		1.000
37		1.000
38		1.000
39		1.000
40		1.000
41		1.000
42		1.000
43		1.000
44		1.000
45		1.000
46		1.000
47		1.000
48		1.000
49		1.000
50		1.000
51		1.000
52		1.000
53		1.000
54		1.000
55		1.000
56		1.000
57		1.000
58		1.000
59		1.000
60		1.000
61		1.000
62		1.000
63		1.000
64+		1.000

NOTES:

The weighted average of these factors for the entire risk pool included in this rate filing is provided in Exhibit L.

Exhibit N - Area Factors

Anthem Health Plans of Kentucky, Inc. Small Group

Rates Effective January 1, 2027

Rating Area Description	2027 Area Rating Factor	2026 Area Rating Factor	Change
1 Western KY		1.1174	
2 Owensboro		1.0763	
3 Louisville		0.9733	
4 Southern KY		0.9868	
5 Lexington		0.9636	
6 Northern KY		1.1600	
7 Northeastern KY		1.0234	
8 Southeastern KY		1.0621	

NOTES:

{1} The weighted average of these factors for the entire risk pool included in this rate filing is provided in Exhibit L.

Exhibit O - Sample Rate Calculation

Anthem Health Plans of Kentucky, Inc. Small Group

Rates Effective January 1, 2027

Group Name: Sample Group
Effective Date: 1/1/2027
On/Off Exchange: Off
Metal Level: Silver
Plan ID: 36239KY0980054
Rating Area: 01

Group Census:

	Employee	Spouse	Child #1	Child #2	Child #3	Total Number of Children
	Age	Age	Age	Age	Age	
Employee #1	24	23	0			1
Employee #2	26					
Employee #3	28					
Employee #4	32	33				
Employee #5	30		2	4		2
Employee #6	45	45	18	15	12	5
Employee #7	53	55				
Employee #8	41		16	13		2
Employee #9	56					
Employee #10	39		25			1
Employee #11	62					
Employee #12	64	64				

Calculation of Monthly Premium:

Consumer Adjusted Premium Rate \$ [REDACTED]
 x Area Factor [REDACTED]
 Rate Adjusted for Area = \$ [REDACTED]

Age Factors:

	Employee	Spouse	Child #1	Child #2	Child #3	Number of Children Rated {1}
	Age Factor	Age Factor	Age Factor	Age Factor	Age Factor	
Employee #1	1.000	1.000	0.765			1
Employee #2	1.024					
Employee #3	1.087					
Employee #4	1.183	1.198				
Employee #5	1.135		0.765	0.765		2
Employee #6	1.444	1.444	0.913	0.833	0.765	3
Employee #7	2.040	2.230				
Employee #8	1.302		0.859	0.765		2
Employee #9	2.333					
Employee #10	1.262		1.004			1
Employee #11	2.873					
Employee #12	3.000	3.000				

Final Monthly Premium PMPM:

	Employee	Spouse	Children	Total
Employee #1				
Employee #2				
Employee #3				
Employee #4				
Employee #5				
Employee #6				
Employee #7				
Employee #8				
Employee #9				
Employee #10				
Employee #11				
Employee #12				

NOTES:

- {1} As per the Market Reform Rule, when computing family premiums no more than the three oldest covered children under the age of 21 are taken into account whereas the premiums associated with each child age 21+ are included.
- {2} This sample calculation ignores the tobacco offset under a Wellness Program as described in the Market Reform Rule.
- {3} Minor rate variances may occur due to differences in rounding methodology.

COMPOSITE RATING EXAMPLE

Four-Tier Composite Rating Example:

Coverage	Number	Coverage Type Factor	Total CT Factors	Final Rate {1}	Total Rate
Single	4				
Employee+Spouse	3				
Employee+Child(ren)	3				
Family	2				
Total	12				

Notes:

- {1} The single rate is equal to the total premium divided by the total contract type factors = \$28,817.87 / 21.25 = \$1,356.14

Exhibit P - Terminated Products

Anthem Health Plans of Kentucky, Inc. Small Group

Effective January 1, 2027

Following are the products that will be terminated prior to the effective date:

This includes products that have experience included in the URRT during the experience period and any products that were not in effect during the experience period but were made available thereafter.

Pre ACA Terminated Products	
HIOS Product ID	HIOS Product Name
N/A	N/A

Post ACA Terminated Products	
HIOS Product ID	HIOS Product Name
N/A	N/A

NOTES:

{1} This exhibit may include a greater number of HIOS Product IDs than the URRT, WS2, as this list additionally includes terminated Product IDs that were introduced after the experience period.