Wellpoint Insurance Company
Part II: Written Description Justifying the Rate Increase

GENERAL INFORMATION

Wellpoint Insurance Company was a new entrant in the Texas individual market in 2025. For 2027, the average requested rate increase is 15.3% across all benefit plans. The minimum rate increase requested is 12.3% and the maximum rate increase requested is 16.3%.

SCOPE AND RANGE OF RATE INCREASES

Table 1 summarizes the significant factors driving the proposed composite rate change effective January 1, 2027.

Table 1
Wellpoint Insurance Company
Components of Proposed Rate Change

Description	Value
Experience, Trend, and Manual Rate Updates	-13.7%
Changes in Morbidity & Mix Rate Factor	6.3%
Changes in Geographic Rate Factor	4.0%
Changes in Net Risk Adjustment Transfer Estimate	18.6%
Changes in Retention	1.9%
Overall Rate Change	**15.3%**

The rating basis was updated to credibility weight Wellpoint's 2025 Texas experience with a manual rate. Claims underlying both rating approaches were increased for anticipated changes due to medical / prescription drug inflation and increased medical / prescription drug utilization. We also updated certain factors used in the calibration of the multi-state manual rate experience to align with expectations for the Texas Individual market. The manual morbidity factor increased primarily due to the expectation of worsened morbidity in the market coinciding with the expiration of enhanced premium tax credits. This morbidity factor also applies to the experience rate development. The manual geographic factor increased due to revised expectations in Wellpoint's utilization and unit costs in Texas relative to the manual experience. Please see Exhibit 6 for additional information on these adjustments.

Similar to the 2026 rate filing, we projected average statewide premiums for 2027 and assumed a risk adjustment payable that aligns with the risk profile of Wellpoint's 2025 enrollees and the underlying morbidity assumption in the claims projections. This led to a higher projected risk adjustment payable as a percent of premium compared to the 2026 rate filing. We also reflect Wellpoint's latest retention assumptions. Please see Exhibit 6 and Exhibit 10 for additional detail regarding these assumptions.

Table 2 shows rate increases by plan along with current rates and enrollment as of March 31, 2026. The minimum rate increase requested is 12.3% and the maximum rate increase requested is 16.3%.

Table 2
Wellpoint Insurance Company
Summary of Proposed Rate Changes

HIOS ID	Current Enrollment	2026 Rate (Age 21)	2027 Rate (Age 21)	Rate Change
47501TX0030001	190	$595.02	$684.63	15.1%
47501TX0030002	1,320	$370.17	$424.13	14.6%
47501TX0030003	13,255	$376.00	$430.42	14.5%
47501TX0030004	2,506	$374.59	$424.16	13.2%
47501TX0030005	899	$498.48	$576.25	15.6%
47501TX0030006	383	$499.05	$574.30	15.1%
47501TX0030007	18,377	$492.18	$570.68	16.0%
47501TX0030008	49	$598.47	$688.64	15.1%
47501TX0030009	42	$600.07	$691.44	15.2%
47501TX0030010	258	$381.33	$439.24	15.2%
47501TX0030011	28	$376.90	$436.40	15.8%
47501TX0030012	68	$509.72	$583.02	14.4%
47501TX0030013	46	$499.68	$572.50	14.6%
47501TX0030014	115	$439.03	$503.66	14.7%

HIOS ID	Current Enrollment	2026 Rate (Age 21)	2027 Rate (Age 21)	Rate Change
47501TX0030015	30	$443.89	$508.23	14.5%
47501TX0040001	24	$505.47	$577.09	14.2%
47501TX0040002	3,386	$370.19	$415.88	12.3%
47501TX0040003	4,153	$354.84	$409.26	15.3%
47501TX0040004	7,272	$346.86	$399.44	15.2%
47501TX0040005	10,204	$353.38	$402.39	13.9%
47501TX0040006	886	$329.42	$372.45	13.1%
47501TX0040007	1,215	$476.47	$550.86	15.6%
47501TX0040008	1,507	$475.65	$546.61	14.9%
47501TX0040009	43,032	$471.56	$545.59	15.7%
47501TX0040010	443	$570.84	$664.02	16.3%
47501TX0040011	259	$568.14	$655.58	15.4%
47501TX0040012	370	$566.30	$655.11	15.7%
47501TX0040013	5,880	$561.18	$648.69	15.6%
Composite	**116,197**	**$440.20**	**$507.46**	**15.3%**

FINANCIAL EXPERIENCE OF THE PRODUCT

Active 2026 membership and premiums are shown on Worksheet 2, Section II of the URRT and in Table 2 above. The requested rate increases account for Wellpoint's latest expectations for 2027, and are expected to result in a loss ratio of 86.4% in 2027 using the methodology prescribed by 45 CFR 158.221.

CHANGES IN MEDICAL SERVICE COSTS

The composite annualized trend Elevance Health, Inc. uses to project the manual rate for this filing is 7.8%. This includes components for medical and prescription drug coverage, accounting for unit cost and utilization trends.

CHANGES IN BENEFITS

Wellpoint will add two new plans in addition to renewing all plans offered in 2026. Relative to plan designs offered in 2026, Wellpoint's renewing 2027 product portfolio involves various changes to cost sharing to ensure compliance with the 2027 Actuarial Value Calculator and benefit structures for any mandated benefit plans, as well as to maintain a competitive market position and align with consumer demand. The changes include adjusting the deductible, out-of-pocket maximums, coinsurance, and copay amounts. All plan designs comply with applicable laws and guidelines.

ADMINISTRATIVE COSTS AND ANTICIPATED MARGINS

Wellpoint's projected total non-benefit expenses (including Exchange fees) are approximately 18.4% of premium for 2027. Primary components of non-benefit expenses include 8.8% of premium for administrative expenses which includes Wellpoint's current expectations for commissions and other items, 4.8% of premium for projected contribution to surplus (pre-tax), and 4.9% of premium for projected taxes and fees.