

Wellpoint Maryland, Inc. Part II: Written Description Justifying the Rate Increase

GENERAL INFORMATION

Wellpoint Maryland, Inc. was a new entrant in the Maryland individual market in 2025. For 2027, the average requested rate increase is 12.9% across all benefit plans. Rate changes vary by plan due to a combination of factors including changes in benefit relativities and non-benefit expense allocation. The minimum rate increase requested is 9.9% and the maximum rate increase requested is 36.3%. The maximum rate increase of 36.3% is for the Catastrophic plan, which is expected to enroll a materially different mix of enrollees due to the new rules CMS released regarding catastrophic eligibility. The absolute maximum premium rate increase possible (inclusive of aging) is 42.2%. This magnitude of rate change would be experienced by a member enrolled in HIOS ID 72545MD0010004 as a 48 year old in 2026, and renewing into the same plan as a 49 year old in 2027.

SCOPE AND RANGE OF RATE INCREASES

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

Components of Proposed Rate Change	Value
Experience, Trend, and Manual Rate Updates	-2.3%
Changes in Morbidity & Mix Rate Factor	3.1%
Changes in Geographic Rate Factor	-3.0%
Changes in Net Risk Adjustment Transfer Estimate	11.1%
Changes in Retention	4.0%
Overall Rate Change	12.9%

The rating basis was updated to credibility weight Wellpoint's 2025 Maryland 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 Maryland individual market, and accounted for the change in the state reinsurance attachment point as outlined by the state. The manual morbidity factor increased due to the expectation of worsened morbidity in the market coinciding with the revised premium tax credits and state subsidies in 2027. This morbidity factor also applies to the experience rate development. The geographic factor decreased due to revised expectations in Wellpoint's utilization and unit costs in Maryland relative to the experience. Please see the Part III Actuarial Memorandum 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 administrative expense assumptions and an update to the profit load. 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 March 31, 2026. The minimum rate increase requested is 9.9% and the maximum rate increase requested is 36.3%. The 12.9% composite requested rate increase represents the average renewal rate increase for current 2026 members.

HIOS ID	Current Enrollment	2026 Rate (Age 21)	2027 Rate (Age 21)	Rate Change
72545MD0010001	39	\$261.08	\$287.05	9.9%
72545MD0010002	438	\$259.45	\$285.55	10.1%
72545MD0010003	158	\$272.39	\$302.68	11.1%
72545MD0010004	74	\$188.58	\$257.05	36.3%
72545MD0010005	540	\$316.08	\$356.72	12.9%
72545MD0010006	1,141	\$321.59	\$364.54	13.4%

Table 2
Wellpoint Maryland, Inc.
Summary of Proposed Rate Changes

HIOS ID	Current Enrollment	2026 Rate (Age 21)	2027 Rate (Age 21)	Rate Change
72545MD0010007	179	\$355.78	\$395.18	11.1%
72545MD0010008	171	\$359.42	\$413.45	15.0%
72545MD0010009	53	\$347.08	\$387.30	11.6%
72545MD0010010	382	\$342.08	\$384.77	12.5%
Composite	3,175	\$312.64	\$352.95	12.9%

FINANCIAL EXPERIENCE OF THE PRODUCT

Wellpoint's 2025 experience and current 2026 membership and premiums are shown on Worksheet 2, Section II of the URRT. The 2025 loss ratio shown on Worksheet 2 Section II of the URRT is 70.0%. The requested rate increases account for Wellpoint's latest expectations for 2027 and are expected to result in a loss ratio of 85.5% 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 6.7%. This includes components for medical and prescription drug coverage, accounting for unit cost and utilization trends.

CHANGES IN BENEFITS

Wellpoint will renew 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 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 are approximately 18.4% of premium for 2027. This includes 10.3% of premium for administrative expenses which includes Wellpoint's current expectations for commissions and other items, 4.1% of premium for projected taxes and fees, and 4.0% of premium for projected contribution to surplus (post-tax).

To submit comments regarding proposed rate increases, please visit the Maryland Insurance Administration's website: <https://www.apps.insurance.maryland.gov/ACARateDisclosure/Default.aspx>