

Anthem Insurance Companies, Inc. (NAIC 28207)  
Rate Justification for QHP Plans  
Individual Plans  
Rate Change Effective January 1, 2024

#### Scope and Range of the Rate Increase

Anthem Insurance Companies, Inc. (also referred to as Anthem) has made an application to the Indiana Department of Insurance for premium rate changes for its fully ACA-compliant individual health plan products. This increase will impact approximately 33,500 Indiana insured members renewing in 2024 with Anthem. This filing includes an average rate change of -1.0%, excluding the impact of aging, effective January 1, 2024. At the individual plan level, rate increases range from -5.2% to 11.1%. An individual's actual rate could be higher or lower depending on the geographic location, age characteristics, dependent coverage and other factors.

#### Financial Experience

Anthem expects the proposed rate change will cover projected medical trends and yield a medical loss ratio of 84.8%, meaning over eighty-four cents of each premium dollar are expected to go to covering our members' medical expenses and improving health care quality. This projected MLR of 84.8% exceeds the minimum MLR requirement of 80% as defined in the Affordable Care Act (ACA). In the event Anthem's MLR is less than the Federal required minimum for a three year period, Anthem will refund the difference to policyholders, consistent with federal regulations.

#### Drivers of Rate Increase

One driver of premium increases is associated with the increased cost of benefit expense for this ACA compliant block. Increased cost of benefit expense is driven by increases in the price of services primarily from hospitals, physicians and pharmacies, coupled with members increasing their use of health care services, also called "utilization". Increases in the price of services are driven by technological advances, new specialty medications, and a variety of other factors. Increased utilization is driven by member level utilization and selection patterns in the Guaranteed Issue, Community Rated ACA market.

#### Efforts to Control Costs

Anthem is committed to working to hold down the cost of insurance and price the Individual ACA market for long term sustainability. We continue to explore innovative collaboration with providers and negotiate deeper discounts at our hospitals. And we provide members with tools to make informed decisions about where and how to receive treatment. Despite these efforts to moderate the cost of insurance, the cost of benefit expense in the Individual ACA market has continued to rise. In light of emerging costs, premium increases are needed to price Anthem's ACA-compliant Individual health plan products for long term sustainability.