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WHAT COMES NEXT:

The 1,000-Foot View:

Medicare Advantage Market 2027

Learning Objectives

- Medicare Regulatory Environment
- 2026 Market Dynamics
- PY2027 Forecast - Expectations



1,000-Foot View

The Insurance Carrier Environment:

- Lower revenue growth as CMS benchmark payments slow
- Risk adjustment tightening; compounds the benchmark stagnation
- Medical and pharmacy cost trend accelerating; outpacing revenue

MA Beneficiaries

- Integrated care coordination; simplicity with single plan design
- Predictable out of pocket costs; financial protection
- Supplemental benefits (Dental, vision, hearing, OTC, transportation, etc.)

Plan Landscape

- Provider network access; pharmacy costs/formulary coverage are key drivers
- Shift away from PPOs and rich supplemental benefits; HMO taking precedence
- Regulatory & operating landscape facing significant litigation & uncertainty

Key MA Regulatory Changes

Due to PY2027 Regulation Updates, carriers will face increased financial pressures

Benchmark growth trails cost increases

- Final review change of 2.48% for 2027 down from ~5.1% in 2026
- Does not keep pace with medical and prescription costs

Stars updates & legal challenges

- Removal of measures from ratings, changing measures, and recent legal challenges affect bonus payment, benefits, market competitiveness, & future revenue

Continued rollout of the IRA

- Challenges plan economics via drug price negotiations

Key MA Regulatory Changes

Bridge Program

- GLP-1s for weight loss; historically, excluded from Part D; runs through December 31, 2027

A Win for Brokers

Sales & Distribution

- Rollback of the 48-hour scope of appointment
- Same day educational & marketing/sales events

Medical & Drug Cost Trend

Cost trend to keep trending up, driven by population and market factors

Population Dynamics:

- Increased behavioral health utilization
- Increased high-cost specialty conditions (chronic disease)
- Aging population – living longer

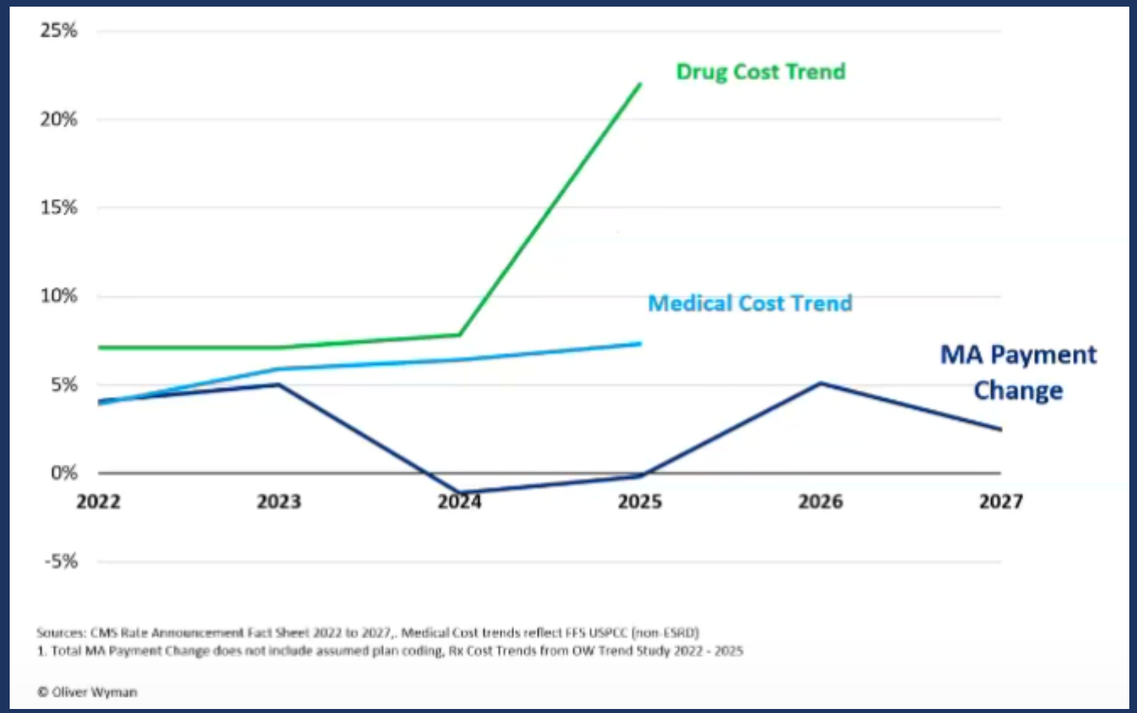
Market Factors:

- Unit cost & site of care inflation
- Coding intensity increases; higher acuity billing
- New high-cost drug therapies
- IRA Part D drug redesign – shift of financial responsibilities

Medical & Drug Cost Trend

MA Revenue Growth vs. Medical & Drug Cost Trend[1]

2022 - 2027



Sources: CMS Rate Announcement Fact Sheet 2022 to 2027,. Medical Cost trends reflect FFS USPCC (non-ESRD)
1. Total MA Payment Change does not include assumed plan coding, Rx Cost Trends from OW Trend Study 2022 - 2025

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- For the last 5 years, CMS reimbursement growth has not kept pace with rising medical & drug costs
- In 2026, some relief with CMS raising payment rates by an effective ~ 5%
- However, CMS's 2027 Rate Notice continues payment chases significantly under cost increases (~2.5%) with plans anticipating medical costs inflating at 6%-8% annually and Rx costs changes in the double digits

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Star Ratings

The History:

April 2024: CMS finalized policies & methodology changes for STAR calculations
Oct 2025: 2026 Star Ratings finalized & published
Nov 2025: Clover files lawsuit challenging its Star Ratings and CMS authority to issue ratings based on methodology lever
May 2026: Georgia District Cours rules in favor of Clover
Jun 2026: Plans submit 2027 bid with assumptions incorporated based upon 2026 Star Ratings
Jun 2026: CMS announces Stars recalculation “hold harmless”; updated bids due 6/29
Jul 2026: Elevance files lawsuit claiming inconsistent recalculation methodology, causing Elevance to lose $115M; SCAN and Alignment also filed lawsuits

Jan – Dec 2027: Plan payments are impacted by 2026 Star Ratings

2027 Star Ratings = TBC

Star Ratings, What's It Mean?

Why is this Important?

- 4+ Stars = 5% higher revenue than below 4 Stars
- The difference in profitability for a carrier is significant
- The process will be very litigated going forward
- Multi-year planning | Quality programs challenging as knowing which measures & metrics to use will be difficult

There are Hundreds of Millions of Dollars at Stake



Part D MOOP

- Annual price negotiations
- Specialty drug utilization accelerated (especially among non-low-income beneficiaries
- Reduced out-of-pocket exposure enabled greater uptake of high-cost therapies (oncology drugs, GLP-1s, biologics, etc.)
- Revenue from CMS has not kept pace with cost increases to plans
- The Part D Premium Stabilization Demonstration is sunsetting a year early
  - Higher underwriting risk
  - Greater premium pressure
  - Potential market exits or benefit changes

Plans need to solve for this gap in 2027 bids.

Doing Business is Easier

Rollback of 48-hour SOA Rule - Simplified Appointment Scheduling

- The elimination of waiting periods allows brokers to complete the educational session, SOA, and enrollment in a single interaction when appropriate, reducing multiple follow-up appointments and no-shows.
- Reduced Administrative Burden
- Greater Consumer Convenience

Rollback of 12-hour Waiting Period Between Educational and Sales/Marketing Events

- Brokers can transition directly from an educational event to a sales/marketing event –so long as attendees are clearly notified of the transition and are given time to leave, if desired.

What to Watch: SSBCI

Eligibility:

- MA organizations must publicly post their plan-developed SSBCI eligibility criteria
- Plans must use objective criteria, no self-attestation to determine eligibility
  - Chronically ill significantly limiting health
  - High risk of hospitalization
  - Requires intensive care coordination
- Removed beneficiary mid-year notification of unused supplemental benefits.

Debit/Flex Card:

- Must be electronically linked to plan-covered items and services through a real-time identification mechanism to verify edibility at POS
- Plans must disclose all benefit conditions and eligible items for debit/flex card and have alternative reimbursement mechanisms if the card fails
- No limit finalized on the marketing dollar value of benefits and/or use of superlatives

The Marketplace Stats

- MA enrollment is up 2.5% YOY in 2026
- Slight decline in general enrollments during AEP
- SNPs continue to grow
  - C-SNP growth accelerating; less restrictive than D-SNP
    - Growth may slow as CMS tightens RA model & adds greater oversight
  - D-SNP continues to grow but has slowed due to stricter regulations/integration rules

- **Disruption! Carrier exits and benefit resets.**
  - National Carriers Pullback (UHC, Aetna, Elevance)
  - Challengers (SCAN, Devoted Health, Alignment, Clover) are growth oriented

Local carriers matter more than ever

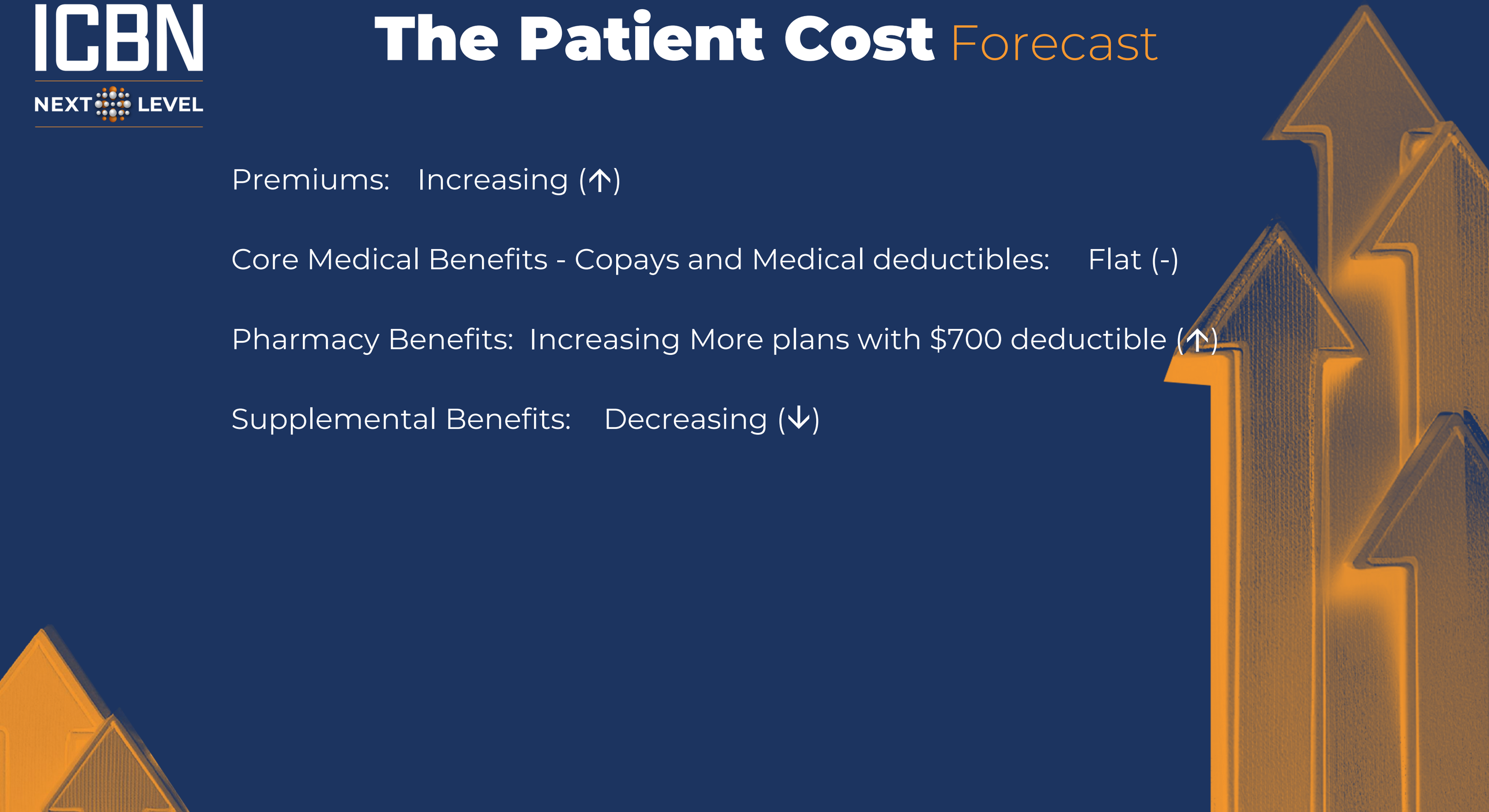
The Patient Cost Forecast

Premiums: Increasing (↑)

Core Medical Benefits - Copays and Medical deductibles: Flat (-)

Pharmacy Benefits: Increasing More plans with $700 deductible (↑)

Supplemental Benefits: Decreasing (↓)



Your Role has Changed

Traditional Benefit Levers

- Slim down supplemental offerings
- Formulary adjustments
- Core medical benefit package; increased MOOP

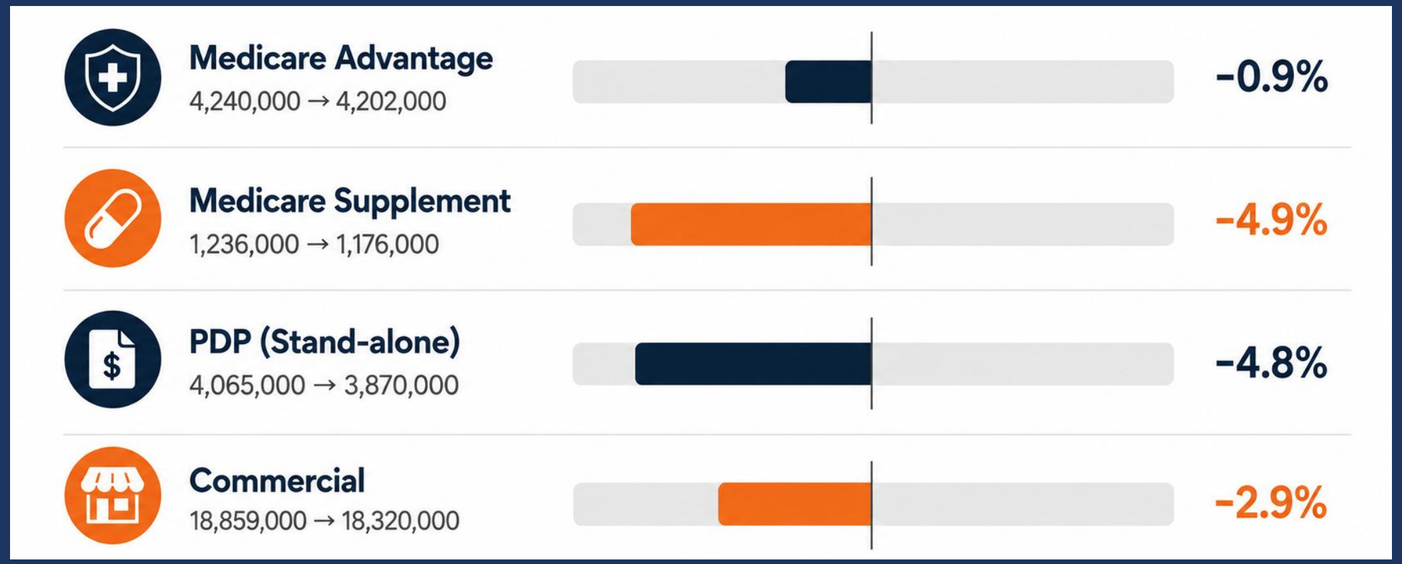
New Cost Management Levers:

- Increase shift to HMO plans
- More curated provider networks; special access to preferred providers
- Increased use of agents and other AI tooling for care navigation

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CVS Health Q2 2026 Earnings Recap

– Quarter Ended June 30, 2026



TOTAL COMPANY PERFORMANCE

Total Revenue:	**$98.92B**	→	**$106.1B**	+7.3%
Total Operating Income:	**$2.3818B**	→	**$4.703B**	+97.6%

HEALTH CARE BENEFITS SEGMENT DETAIL

Loss Ratio (MBR):	**89.9%**	→	**87.4%**	-250bps
Operating Cost Ratio:	**12.5%**	→	**12.4%**	-10bps

SEGMENT REVENUE

Health Care Benefits:	**$36.26B**	→	**$37.54B**	+3.5%
Health Services:	**$46.45B**	→	**$51.80B**	+11.5%
Pharmacy & Consumer Wellness:	**$33.58B**	→	**$32.82B**	+0.7%

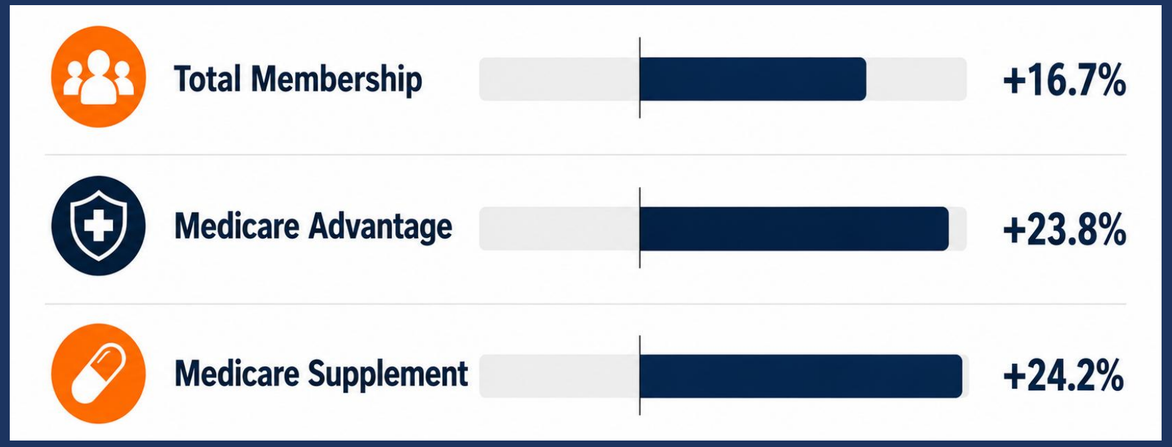
SEGMENT OPERATING INCOME

Health Care Benefits:	**$2.191B**	vs.	$1.002B	+118.7%
Health Services:	**$1.603B**	vs.	$1.102B	+45.5%
Pharmacy & Consumer Wellness:	**$1.411B**	vs.	$736B	+91.7%

Source: LinkedIn, Jared Strock on 8/5/2026

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Humana Q2 2026 Earnings Recap



REVENUE & RATIOS

Total Revenue:	**$32.4B** → **$40.9B**	+26.2%
Insurance Segment Revenue:	**$31.1B** → **$39.1B**	+25.7%
Benefit Ratio:	**89.9%** → **91.2%**	+130 BPS
Operating Cost Ratio:	**11.0%** → **9.8%**	-120 BPS

OPERATING PROFIT, YOY CHANGE

Consolidated Pretax: **+28.5%**
$741M → $952M

Insurance Segment: **+7.0%**
$766M → $820M

Centerwell Segment: **+35.5%**
$344M → $466M

Source: LinkedIn, Jared Strock on 7/30/2026

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Thank You!