# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the Quarterly Period Ended September 30, 2026**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from to**

**Commission file number: 001-16751**




**ELEVANCE HEALTH, INC.**
**(Exact name of registrant as specified in its charter)**

| **Indiana** | **35-2145715** |
|---|---|
| **(State or other jurisdiction of incorporation or organization)** | **(I.R.S. Employer Identification Number)** |

**220 Virginia Avenue**
**Indianapolis, Indiana 46204**
(Address of principal executive offices) (Zip Code)

**Registrant's telephone number, including area code: (833) 401-1577**

**Not Applicable**
**(Former name, former address and former fiscal year, if changed since last report)**

**Securities registered pursuant to Section 12(b) of the Act:**

| Title of each class | Trading symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock, $0.01 par value | ELV | New York Stock Exchange |

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act:

| | | | |
|---|---|---|---|
| Large accelerated filer | ☒ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| Emerging growth company | ☐ | | |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) Yes ☐ No ☒
As of October 15, 2026, 216,055,891 shares of the Registrant's Common Stock were outstanding.

**Elevance Health, Inc.**

**Quarterly Report on Form 10-Q**
**For the Period Ended September 30, 2026**

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**PART I. FINANCIAL INFORMATION**
**ITEM 1. FINANCIAL STATEMENTS**

**Elevance Health, Inc.**
**Consolidated Balance Sheets**

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| | (Unaudited) | |
| *(In millions, except share and per share data)* | | |
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 10,348 | $ 9,491 |
| Fixed maturity securities (amortized cost of $26,806 and $25,773; allowance for credit losses of $60 and $21) | 25,347 | 25,884 |
| Equity securities | 2,151 | 740 |
| Premium receivables, net | 10,686 | 10,073 |
| Self-funded receivables, net | 6,277 | 5,162 |
| Other receivables | 7,610 | 6,307 |
| Other current assets | 6,105 | 5,344 |
| Total current assets | 68,524 | 63,001 |
| Long-term investments: | | |
| Fixed maturity securities (amortized cost of $1,272 and $1,116; allowance for credit losses of $0 and $0) | 1,211 | 1,121 |
| Other invested assets | 11,508 | 10,839 |
| Property and equipment, net | 4,613 | 4,679 |
| Goodwill | 28,343 | 28,344 |
| Other intangible assets | 10,877 | 11,200 |
| Other noncurrent assets | 2,725 | 2,310 |
| **Total assets** | $ 127,801 | $ 121,494 |
| **Liabilities and equity** | | |
| **Liabilities** | | |
| Current liabilities: | | |
| Medical claims payable | $ 18,438 | $ 17,084 |
| Other policyholder liabilities | 2,635 | 3,632 |
| Unearned income | 1,637 | 1,493 |
| Accounts payable and accrued expenses | 8,315 | 7,322 |
| Short-term borrowings | — | 150 |
| Current portion of long-term debt | 375 | 1,099 |
| Other current liabilities | 15,262 | 10,255 |
| Total current liabilities | 46,662 | 41,035 |
| Long-term debt, less current portion | 30,382 | 30,797 |
| Deferred tax liabilities, net | 1,487 | 2,110 |
| Other noncurrent liabilities | 4,476 | 3,526 |
| **Total liabilities** | 83,007 | 77,468 |
| Commitments and contingencies – Note 10 | | |
| **Shareholders' equity** | | |
| Preferred stock, without par value, shares authorized 100,000,000; shares issued and outstanding – none | — | — |
| Common stock, par value $0.01, shares authorized 900,000,000; shares issued and outstanding – 216,113,946 and 220,723,898 | 2 | 2 |
| Additional paid-in capital | 8,987 | 8,938 |
| Retained earnings | 37,368 | 35,393 |
| Accumulated other comprehensive loss | (1,676) | (451) |
| **Total shareholders' equity** | 44,681 | 43,882 |
| **Noncontrolling interests** | 113 | 144 |
| **Total equity** | 44,794 | 44,026 |
| **Total liabilities and equity** | $ 127,801 | $ 121,494 |

*See accompanying notes.*

**Elevance Health, Inc.**
**Consolidated Statements of Income**
(Unaudited)

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | **2026** | **2025** | **2026** | **2025** |
| *(In millions, except per share data)* | | | | |
| **Revenues** | | | | |
| Premiums | $ 41,704 | $ 41,791 | $ 124,007 | $ 123,949 |
| Product revenue | 6,454 | 6,159 | 18,943 | 18,010 |
| Service fees | 2,282 | 2,137 | 6,810 | 6,314 |
| **Total operating revenue** | 50,440 | 50,087 | 149,760 | 148,273 |
| Net investment income | 1,037 | 625 | 2,506 | 1,701 |
| Net losses on financial instruments | (48) | (1) | (182) | (596) |
| **Total revenues** | 51,429 | 50,711 | 152,084 | 149,378 |
| **Expenses** | | | | |
| Benefit expense | 37,779 | 38,140 | 110,418 | 110,158 |
| Cost of products sold | 5,640 | 5,380 | 16,595 | 15,656 |
| Operating expense | 5,752 | 5,272 | 17,629 | 15,569 |
| Interest expense | 358 | 351 | 1,079 | 1,036 |
| Amortization of other intangible assets | 106 | 162 | 328 | 464 |
| Total expenses | 49,635 | 49,305 | 146,049 | 142,883 |
| **Income before income tax expense** | 1,794 | 1,406 | 6,035 | 6,495 |
| Income tax expense | 451 | 219 | 1,478 | 1,380 |
| **Net income** | 1,343 | 1,187 | 4,557 | 5,115 |
| **Net loss attributable to noncontrolling interests** | 22 | 2 | 35 | — |
| **Shareholders' net income** | $ 1,365 | $ 1,189 | $ 4,592 | $ 5,115 |
| **Shareholders' net income per share** | | | | |
| Basic | $ 6.30 | $ 5.32 | $ 21.08 | $ 22.73 |
| Diluted | $ 6.27 | $ 5.32 | $ 21.01 | $ 22.67 |
| **Dividends per share** | $ 1.72 | $ 1.71 | $ 5.16 | $ 5.13 |

*See accompanying notes.*

**Elevance Health, Inc.**
**Consolidated Statements of Comprehensive Income**
(Unaudited)

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | **2026** | **2025** | **2026** | **2025** |
| *(In millions)* | | | | |
| **Net income** | $ 1,343 | $ 1,187 | $ 4,557 | $ 5,115 |
| **Other comprehensive income (loss), net of tax:** | | | | |
| **Net unrealized investment gains (losses)** | | | | |
| Change in gross unrealized investment gains (losses) | (1,338) | 274 | (1,708) | 670 |
| Income tax effect | 310 | (63) | 396 | (156) |
| Total change in unrealized investment gains (losses), net of tax | (1,028) | 211 | (1,312) | 514 |
| Gross reclassification adjustment for net realized investment losses included in earnings | 74 | 12 | 118 | 117 |
| Income tax effect | (17) | (3) | (27) | (28) |
| Change in net unrealized investment gains (losses) | (971) | 220 | (1,221) | 603 |
| **Pension and other benefits** | | | | |
| Change during the period | 2 | 5 | 9 | 11 |
| Income tax effect | — | (1) | (2) | (10) |
| Change in pension and other benefits | 2 | 4 | 7 | 1 |
| **Other** | | | | |
| Change during the period | — | (6) | (17) | 6 |
| Income tax effect | — | 1 | 2 | (2) |
| Change in other | — | (5) | (15) | 4 |
| **Other comprehensive income (loss)** | (969) | 219 | (1,229) | 608 |
| **Net loss attributable to noncontrolling interests** | 22 | 2 | 35 | — |
| **Other comprehensive income (loss) attributable to noncontrolling interests** | 4 | (2) | 4 | (4) |
| **Total shareholders' comprehensive income** | $ 400 | $ 1,406 | $ 3,367 | $ 5,719 |

*See accompanying notes.*

**Elevance Health, Inc.**
**Consolidated Statements of Cash Flows (Unaudited)**

| | Nine Months Ended September 30 | |
|---|---|---|
| | **2026** | **2025** |
| *(In millions)* | | |
| **Operating activities** | | |
| Net income | $ 4,557 | $ 5,115 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Net losses on financial instruments | 182 | 596 |
| Equity in net earnings of other invested assets | (1,108) | (251) |
| Depreciation and amortization | 1,083 | 1,140 |
| Deferred income taxes | (266) | 43 |
| Impairment of property and equipment | 70 | 70 |
| Share-based compensation | 210 | 246 |
| Changes in operating assets and liabilities: | | |
| Receivables, net | (2,727) | (3,282) |
| Other invested assets | — | (70) |
| Other assets | (1,262) | (403) |
| Policy liabilities | 358 | (873) |
| Unearned income | 144 | 323 |
| Accounts payable and other liabilities | 5,364 | 1,539 |
| Income taxes | 915 | (13) |
| Other, net | (8) | 26 |
| **Net cash provided by operating activities** | 7,512 | 4,206 |
| **Investing activities** | | |
| Purchases of investments | (13,942) | (12,265) |
| Proceeds from sale of investments | 10,266 | 10,658 |
| Maturities, calls and redemptions from investments | 1,373 | 1,195 |
| Changes in securities lending collateral | (373) | (576) |
| Purchases of subsidiaries, net of cash acquired | 2 | 55 |
| Purchases of property and equipment | (789) | (823) |
| Other, net | (7) | (52) |
| **Net cash used in investing activities** | (3,470) | (1,808) |
| **Financing activities** | | |
| Proceeds from long-term borrowings | — | 2,994 |
| Repayments of long-term borrowings | (750) | (2,150) |
| Proceeds from short-term borrowings | 825 | 990 |
| Repayments of short-term borrowings | (975) | (1,175) |
| Changes in securities lending payable | 373 | 576 |
| Changes in bank overdrafts | 100 | 77 |
| Repurchase and retirement of common stock | (1,688) | (2,134) |
| Cash dividends | (1,122) | (1,152) |
| Proceeds from issuance of common stock under employee stock plans | 88 | 21 |
| Taxes paid through withholding of common stock under employee stock plans | (36) | (31) |
| Other, net | 14 | 10 |
| **Net cash used in financing activities** | (3,171) | (1,974) |
| **Effect of foreign exchange rates on cash and cash equivalents** | (14) | 1 |
| Change in cash and cash equivalents | 857 | 425 |
| Cash and cash equivalents at beginning of period | 9,491 | 8,288 |
| **Cash and cash equivalents at end of period** | $ 10,348 | $ 8,713 |

*See accompanying notes.*

**Elevance Health, Inc.**
**Consolidated Statements of Changes in Total Equity**
(Unaudited)

| | Total Shareholders' Equity | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Common Stock | | | | Accumulated Other Comprehensive Loss | | | | |
| *(In millions)* | Number of Shares | Par Value | Additional Paid-in Capital | Retained Earnings | Net Unrealized Investment Gains (Losses) | Pension and Other Benefits | Other | Noncontrolling Interests | Total Equity |
| **December 31, 2025** | 220.7 | $ 2 | $ 8,938 | $ 35,393 | $ 108 | $ (332) | $ (227) | $ 144 | $ 44,026 |
| Net income | — | — | — | 1,764 | — | — | — | (4) | 1,760 |
| Other comprehensive income (loss) | — | — | — | — | (275) | 3 | (18) | — | (290) |
| Repurchase and retirement of common stock, including excise tax | (3.6) | — | (151) | (983) | — | — | — | — | (1,134) |
| Dividends and dividend equivalents | — | — | — | (378) | — | — | — | — | (378) |
| Issuance of common stock under employee stock plans, net of related tax benefits | 0.3 | — | 58 | — | — | — | — | — | 58 |
| **March 31, 2026** | 217.4 | $ 2 | $ 8,845 | $ 35,796 | $ (167) | $ (329) | $ (245) | $ 140 | $ 44,042 |
| Net income | — | — | — | 1,463 | $ — | — | — | (9) | $ 1,454 |
| Other comprehensive income | — | — | — | — | 25 | 2 | 3 | — | 30 |
| Noncontrolling interests adjustment | — | — | — | — | — | — | — | 8 | 8 |
| Repurchase and retirement of common stock, including excise tax | (0.8) | — | (28) | (208) | — | — | — | — | (236) |
| Dividends and dividend equivalents | — | — | — | (376) | — | — | — | — | (376) |
| Issuance of common stock under employee stock plans, net of related tax benefits | 0.2 | — | 100 | — | — | — | — | — | 100 |
| **June 30, 2026** | 216.8 | $ 2 | $ 8,917 | $ 36,675 | $ (142) | $ (327) | $ (242) | $ 139 | $ 45,022 |
| Net income | — | — | — | 1,365 | — | — | — | (22) | 1,343 |
| Other comprehensive income (loss) | — | — | — | — | (967) | 2 | — | (4) | (969) |
| Repurchase and retirement of common stock, including excise tax | (0.8) | — | (34) | (299) | — | — | — | — | (333) |
| Dividends and dividend equivalents | — | — | — | (375) | — | — | — | — | (375) |
| Other Adjustments | — | — | — | 2 | — | — | — | — | 2 |
| Issuance of common stock under employee stock plans, net of related tax benefits | 0.1 | — | 104 | — | — | — | — | — | 104 |
| **September 30, 2026** | 216.1 | $ 2 | $ 8,987 | $ 37,368 | $ (1,109) | $ (325) | $ (242) | $ 113 | $ 44,794 |

**Elevance Health, Inc.**
**Consolidated Statements of Changes in Equity (continued)**
(Unaudited)

| | Total Shareholders' Equity | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Common Stock | | | | Accumulated Other Comprehensive Loss | | | | |
| *(In millions)* | Number of Shares | Par Value | Additional Paid-in Capital | Retained Earnings | Net Unrealized Investment Gains (Losses) | Pension and Other Benefits | Other | Noncontrolling Interests | Total Equity |
| **December 31, 2024** | 227.5 | $ 2 | $ 8,911 | $ 33,549 | $ (523) | $ (399) | $ (225) | $ 111 | $ 41,426 |
| Net income | — | — | — | 2,183 | — | — | — | 1 | 2,184 |
| Other comprehensive income (loss) | — | — | — | — | 234 | (5) | 7 | 1 | 237 |
| Noncontrolling interests adjustment | — | — | — | — | — | — | — | 4 | 4 |
| Repurchase and retirement of common stock, including excise tax | (2.2) | — | (97) | (799) | — | — | — | — | (896) |
| Dividends and dividend equivalents | — | — | — | (387) | — | — | — | — | (387) |
| Issuance of common stock under employee stock plans, net of related tax benefits | 0.4 | — | 52 | — | — | — | — | — | 52 |
| **March 31, 2025** | 225.7 | $ 2 | $ 8,866 | $ 34,546 | $ (289) | $ (404) | $ (218) | $ 117 | $ 42,620 |
| Net income | — | — | — | 1,743 | — | — | — | 1 | 1,744 |
| Other comprehensive income | — | — | — | — | 147 | 2 | 2 | 1 | 152 |
| Noncontrolling interests adjustment | — | — | — | — | — | — | — | 10 | 10 |
| Repurchase and retirement of common stock, including excise tax | (1.0) | — | (27) | (354) | — | — | — | — | (381) |
| Dividends and dividend equivalents | — | — | — | (386) | — | — | — | — | (386) |
| Issuance of common stock under employee stock plans, net of related tax benefits | 0.1 | — | 92 | — | — | — | — | — | 92 |
| **June 30, 2025** | 224.8 | $ 2 | $ 8,931 | $ 35,549 | $ (142) | $ (402) | $ (216) | $ 129 | $ 43,851 |
| Net income | — | — | — | 1,189 | — | | | (2) | 1,187 |
| Other comprehensive income (loss) | — | — | — | — | 218 | 4 | (5) | 2 | 219 |
| Noncontrolling interests adjustment | — | — | — | — | — | | | — | — |
| Repurchase and retirement of common stock | (2.9) | — | (115) | (769) | — | | | — | (884) |
| Dividends and dividend equivalents | — | — | — | (383) | — | | | — | (383) |
| Issuance of common stock under employee stock plans, net of related tax benefits | 0.1 | — | 92 | — | — | | | — | 92 |
| **September 30, 2025** | 222.0 | $ 2 | $ 8,908 | $ 35,586 | $ 76 | $ (398) | $ (221) | $ 129 | $ 44,082 |

*See accompanying notes.*

**Elevance Health, Inc.**
**Notes to Consolidated Financial Statements**
**(Unaudited)**
**September 30, 2026**

*(In Millions, Except Per Share Data or As Otherwise Stated Herein)*

## 1. Organization

References to the terms "we," "our," "us" or "Elevance Health" used throughout these Notes to Consolidated Financial Statements refer to Elevance Health, Inc., an Indiana corporation, and unless the context otherwise requires, its direct and indirect subsidiaries. References to the "states" include the District of Columbia and Puerto Rico unless the context otherwise requires.

Elevance Health is a health company with the purpose of improving the health of humanity. We are one of the largest health insurers in the United States in terms of medical membership, serving approximately 44.9 million medical members through our affiliated health plans as of September 30, 2026. We offer a broad spectrum of network-based managed care risk-based plans to Individual, Employer Group, Medicaid and Medicare markets. In addition, we provide a broad array of managed care services to fee-based customers, including claims processing, stop loss insurance, care provider network access, medical management, care management, wellness programs, actuarial services and other administrative services. Across these markets, we generate revenue through risk-based premiums, administrative fees from self-funded employers and pharmacy and health service fees through our Carelon businesses. We provide services to the federal government in connection with our Federal Health Products & Services business, which administers the Federal Employee Program® ("FEP®"). We provide an array of specialty services both to customers of our subsidiary health plans and to unaffiliated health plans, including pharmacy services, stop loss insurance, dental, vision and supplemental health insurance benefits, as well as integrated health services.

We are an independent licensee of the Blue Cross and Blue Shield Association ("BCBSA"), an association of independent health benefit plans. We serve our members as the Blue Cross licensee for California and as the Blue Cross and Blue Shield ("BCBS") licensee for Colorado, Connecticut, Georgia, Indiana, Kentucky, Maine, Missouri (excluding 30 counties in the Kansas City area), Nevada, New Hampshire, New York (in the New York City metropolitan area and upstate New York), Ohio, Virginia (excluding the Northern Virginia suburbs of Washington, D.C.) and Wisconsin. In a majority of these service areas, we do business as Anthem Blue Cross and Anthem Blue Cross and Blue Shield. We also conduct business through arrangements with other BCBS licensees as well as other strategic partners. In addition, we serve members in numerous states as Wellpoint, Carelon, MMM and/or Simply Healthcare. We are licensed to conduct insurance operations in all 50 states, the District of Columbia and Puerto Rico through our subsidiaries.

Our portfolio consists of the following core go-to-market brands:

- Anthem Blue Cross/Anthem Blue Cross and Blue Shield — represents our Anthem-branded and affiliated Blue Cross and/or Blue Shield licensed Medicare, Medicaid, and commercial Health Benefit plans;
- Wellpoint — represents our Wellpoint branded Medicare, Medicaid and commercial Health Benefit plans and other non-BCBSA brands; and
- Carelon — represents our healthcare related services and capabilities, including our CarelonRx and Carelon Services businesses.

We report our results of operations in the following four reportable segments: Health Benefits, CarelonRx, Carelon Services and Corporate & Other (our businesses that do not individually meet the quantitative thresholds for an operating segment, as well as corporate expenses not allocated to our other reportable segments). For additional information on reportable segments see Note 13, "Segment Information."

## 2. Basis of Presentation and Significant Accounting Policies

***Basis of Presentation:*** The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial reporting. Accordingly, they do not include all the information and footnotes required by GAAP for annual financial statements. We have omitted certain footnote disclosures that would substantially duplicate the disclosures in our Annual Report on Form 10-K for the year ended December 31, 2025 (the "2025 Annual Report on Form 10-K"), unless the information contained in those disclosures materially changed or is required by GAAP. In the opinion of management, all adjustments, including normal recurring adjustments, necessary for a fair statement of the consolidated financial statements as of and for the three and nine months ended September 30, 2026 and 2025 have been recorded. The results of operations for the three and nine months ended September 30, 2026 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2026, or any other period. The seasonal nature of portions of our healthcare and related benefits business, as well as competitive and other market conditions, may cause full-year results to differ from estimates based upon our interim results of operations. These unaudited consolidated financial statements should be read in conjunction with our audited consolidated financial statements as of and for the year ended December 31, 2025 included in our 2025 Annual Report on Form 10-K.

Certain of our subsidiaries operate outside of the United States and have functional currencies other than the U.S. dollar ("USD"). We translate the assets and liabilities of those subsidiaries to USD using the exchange rate in effect at the end of the period. We translate the revenues and expenses of those subsidiaries to USD using the average exchange rates in effect during the period. The net effect of these translation adjustments is included in "Other" in our consolidated statements of comprehensive income.

***Reclassifications:*** Certain prior year amounts have been reclassified to conform to the current year presentation.

***Cash and Cash Equivalents:*** Cash and cash equivalents includes available cash and all highly liquid investments with maturities of three months or less when purchased. We control a number of bank accounts that are used exclusively to hold customer funds for the administration of customer benefits, and we have cash and cash equivalents on deposit to meet certain regulatory and contractual requirements. These amounts totaled $500 and $348 at September 30, 2026 and December 31, 2025, respectively, and are included in the cash and cash equivalents line on our consolidated balance sheets.

***Investments:*** We classify fixed maturity securities in our investment portfolio as "available-for-sale" and report those securities at fair value. Certain fixed maturity securities are available to support current operations and, accordingly, we classify such investments as current assets without regard to their contractual maturity. Investments used to satisfy contractual, regulatory or other requirements are classified as long-term, without regard to contractual maturity.

If a fixed maturity security is in an unrealized loss position and we have the intent to sell the fixed maturity security, or it is more likely than not that we will have to sell the fixed maturity security before recovery of its amortized cost basis, we write down the fixed maturity security's cost basis to fair value and record an impairment loss in our consolidated statements of income. For impaired fixed maturity securities that we do not intend to sell or if it is more likely than not that we will not have to sell such securities, but we expect that we will not fully recover the amortized cost basis, we recognize the credit component of the impairment as an allowance for credit loss in our consolidated balance sheets and record an impairment loss in our consolidated statements of income. The non-credit component of the impairment is recognized in "Accumulated other comprehensive loss." Furthermore, unrealized losses entirely caused by non-credit-related factors related to fixed maturity securities for which we expect to fully recover the amortized cost basis continue to be recognized in "Accumulated other comprehensive loss."

The credit component of an impairment is determined primarily by comparing the net present value of projected future cash flows with the amortized cost basis of the fixed maturity security. The net present value is calculated by discounting our best estimate of projected future cash flows at the effective interest rate implicit in the fixed maturity security at the date of purchase. For mortgage-backed and asset-backed securities, cash flow estimates are based on assumptions regarding the underlying collateral, including prepayment speeds, vintage, type of underlying asset, geographic concentrations, default rates, recoveries and changes in value. For all other securities, cash flow estimates are driven by assumptions regarding probability of default, including changes in credit ratings and estimates regarding timing and amount of recoveries associated with a default.

For asset-backed securities included in “Fixed maturity securities,” we recognize income using an effective yield based on anticipated prepayments and the estimated economic life of the securities. When estimates of prepayments change, the effective yield is recalculated to reflect actual payments to date and anticipated future payments. The net investment in the securities is adjusted to the amount that would have existed had the new effective yield been applied since the purchase date of the securities. Such adjustments are reported within “Net investment income” in our consolidated statements of income.

The changes in fair value of our marketable equity securities are recognized in our results of operations within “Net losses on financial instruments.” Certain marketable equity securities are held to satisfy contractual obligations and are reported under the caption “Other invested assets” in our consolidated balance sheets.

We have investments in limited partnerships (“LPs”) and companies in which our ownership interest may enable us to influence the operating or financial decisions of the investee company, including unconsolidated variable interest entities. These investments are accounted for using the equity method of accounting and are reported within “Other invested assets” in our consolidated balance sheets. Our proportionate share of equity in net income (loss) for these LPs and unconsolidated investee companies is reported within “Net investment income” in our consolidated statements of income. The carrying value of these investments is written down, or impaired, to fair value when a decline in value is considered to be other-than temporary. In applying the equity method (including assessment for other-than temporary impairment), we use financial information provided by the LPs and investee companies, generally on a one-to three-month lag. We consolidate investee companies in certain other instances where it is deemed to exercise control or is considered the primary beneficiary of a variable interest entity.

We have corporate-owned life insurance policies on certain participants in our deferred compensation plans and other members of management. The cash surrender value of the corporate-owned life insurance policies is reported under the caption “Other invested assets” in our consolidated balance sheets.

Investment income is recorded when earned. All securities sold resulting in investment realized gains and losses are recorded on the trade date. Realized gains and losses are determined on the basis of the cost or amortized cost of the specific securities sold.

We participate in securities lending programs whereby marketable securities in our investment portfolio are transferred to independent brokers or dealers in exchange for cash and securities collateral. Under Financial Accounting Standards Board (“FASB”) guidance related to accounting for transfers and servicing of financial assets and extinguishments of liabilities, we recognize the collateral as an asset, which is reported in “Other current assets” in our consolidated balance sheets, and we record a corresponding liability for the obligation to return the collateral to the borrower, which is reported under the caption “Other current liabilities.” The securities on loan are reported in the applicable investment category in our consolidated balance sheets. Unrealized gains or losses on securities lending collateral are included in “Accumulated other comprehensive loss” as a separate component of shareholders’ equity. The market value of loaned securities and that of the collateral pledged can fluctuate in non-synchronized fashions. To the extent the loaned securities’ value appreciates faster or depreciates slower than the value of the collateral pledged, we are exposed to the risk of the shortfall. As a primary mitigating mechanism, the loaned securities and collateral pledged are marked to market on a daily basis and the shortfall, if any, is collected accordingly. Secondarily, the collateral level is set at 102% of the value of the loaned securities, which provides a cushion before any shortfall arises. The investment of the cash collateral is subject to market risk, which is managed by limiting the investments to higher quality and shorter duration instruments.

***Receivables:*** Receivables are reported net of amounts for expected credit losses. The allowance for doubtful accounts is based on historical collection trends, future forecasts and our judgment regarding the ability to collect specific accounts.

Premium receivables include the uncollected amounts from insured groups, individuals and government programs. Premium receivables are reported net of an allowance for doubtful accounts of $180 and $167 at September 30, 2026 and December 31, 2025, respectively.

Self-funded receivables include administrative fees, claims and other amounts due from fee-based customers. Self-funded receivables are reported net of an allowance for doubtful accounts of $236 and $145 at September 30, 2026 and December 31, 2025, respectively.

Other receivables include pharmacy rebates, provider advances, claims recoveries, reinsurance receivables, proceeds due from brokers on investment trades that have not yet settled, accrued investment income and other miscellaneous amounts due to us. These receivables are reported net of an allowance for doubtful accounts of $1,758 and $1,509 at September 30, 2026 and December 31, 2025, respectively. During the nine months ended September 30, 2025 we realized a $237 settlement with a value-based care provider, which allowed us to release $129 from the allowance for doubtful accounts. Of the settlement amount, $154 and $83 pertained to services rendered in 2024 and 2025, respectively.

***Revenue Recognition:*** Premiums for risk-based contracts are recognized as revenue over the period insurance coverage is provided, and, if applicable, net of amounts recognized for medical loss ratio rebates, risk adjustment, reinsurance and risk corridor under contractual premium stabilization arrangements, the Affordable Care Act ("ACA") or other regulatory requirements. Premiums may also include performance incentives and penalties, which are recognized based on contractual terms. We estimate amounts receivable and payable under these contractual terms, and to the extent that such estimated amounts vary from the final amounts paid, the adjustments are included in earnings in the period of final settlement. Premium payments from contracted government agencies are based on eligibility lists produced by the government agencies. Premium payments related to the unexpired contractual coverage periods are reflected in the accompanying consolidated balance sheets as "Unearned income". Premiums include revenue adjustments for retrospectively rated contracts where revenue is based on the estimated loss experience of the contract. Premium rates for certain lines of business are subject to approval by the Department of Insurance of each respective state. Additionally, delays in annual premium rate changes from contracted government agencies require that we defer the recognition of any increases to the period in which the premium rates become final. The value of the impact can be significant in the period in which it is recognized depending on the magnitude of the premium rate increase, the membership to which it applies and the length of the delay between the effective date of the rate increase and the final contract date. Premium rate decreases are recognized in the period the change in premium rate becomes effective and the change in the rate is known, which may be prior to the period when the contract amendment affecting the rate is finalized.

We also record premiums for certain value-based arrangements of our Carelon Services care delivery businesses. Under these value-based arrangements, we carry financial responsibility across medical claims costs through risk contracts with health plans in which we deliver, integrate, direct and control certain healthcare services for patients. In exchange, we receive a premium that is typically paid on a per-patient per-month basis and performance-based payments that are recognized when performance metrics are achieved. We consider these value-based arrangements to represent a single performance obligation where revenues are recognized in the period in which healthcare services are made available.

Service fees include revenue from certain group contracts that provide for the group to be at risk for all or, with supplemental insurance arrangements, a portion, of their claims experience. We charge these fee-based groups an administrative fee, which is based on the number of members in a group and the group's claim experience. For arrangements in which the group retains a portion of the claims risk and we assume risk for the remaining portion, amounts associated with the risk-based component are recognized as premiums, while fees for administrative services associated with the self-funded component are recognized as service fees. In addition, service fees include amounts received for the administration of Medicare, certain other government programs, and administrative services arrangements of our Carelon subsidiaries. Generally, each fee-based arrangement includes services which constitute a single suite of services provided and for which consideration is based upon an agreed-upon rate, regardless of the amount of services provided in a given period. Fee-based arrangements may include terms with retroactive rate or membership adjustments, performance incentives and penalties, each of which is a form of variable consideration within the transaction price. As such, each fee-based arrangement contains a single performance obligation that constitutes a series, and revenue is recognized over time as the services are performed. All

benefit payments under these programs are excluded from benefit expense. In addition, certain Medicaid payments received from government agencies that are required to be passed through to providers and where we do not assume claims risk associated with those payments are excluded from both revenue and benefit expense.

The determination of whether services are distinct performance obligations that should be accounted for separately or combined as one unit of accounting may require significant judgment. The estimation of variable consideration to be recognized requires significant judgment in the determination of the level of achievement of performance incentives, service level achievements subject to performance penalties, and the completion level of tasks subject to implementation fees.

Product revenue represents services performed by CarelonRx for unaffiliated pharmacy customers and includes ingredient costs (net of any rebates or discounts), including co-payments made by or on behalf of the customer, and service fees. Unaffiliated pharmacy customers include our fee-based groups that have contracted with CarelonRx for pharmacy services and third-party health plans. Product revenue and costs of products sold for our affiliated health plans are eliminated in consolidation, excluding co-payments and subsidies made by or on behalf of affiliated customers. Product revenue for pharmacy services is recognized using the gross method at the negotiated contract price when CarelonRx has concluded that it is the principal, and it controls the services before prescription drugs are transferred to the customer. CarelonRx determines whether it is the principal based on its contractual rights to design and develop a listing of prescription drugs offered to the customer (formulary management); its control over establishing the pharmacy network available to the customer to have its prescription fulfilled (network management); and its discretion over establishing the pricing for prescription drugs. Overall, control over these activities indicates CarelonRx is primarily responsible for fulfilling the promise to provide pharmacy services. CarelonRx recognizes revenue when control of the prescription drugs is transferred to customers, in an amount it expects to be entitled to in exchange for the products or services provided.

For our non-risk-based contracts, we had no material contract assets, contract liabilities or deferred contract costs recorded on our consolidated balance sheets at September 30, 2026 or December 31, 2025. For the three and nine months ended September 30, 2026 and 2025, revenue recognized from performance obligations related to prior periods, such as due to changes in transaction price, was not material. For contracts that have an original, expected duration of greater than one year, revenue expected to be recognized in future periods related to unfulfilled contractual performance obligations and contracts with variable consideration related to undelivered performance obligations is not material.

***Recently Adopted Accounting Guidance:*** In July 2025, the FASB issued Accounting Standards Update No. 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets* ("ASU 2025-05"). This standard introduces a practical expedient for all entities when estimating expected credit losses on current accounts receivable and contract assets arising from transactions under Accounting Standards Codification ("ASC") Topic 606. Under the practical expedient, entities may assume that conditions at the balance sheet date remain unchanged over the life of the asset, reducing the need to prepare complex macroeconomic forecasts for short-term balances. ASU 2025-05 became effective for our fiscal years beginning after December 15, 2025, and interim periods within such fiscal years, with prospective application required. We adopted these amendments on January 1, 2026 and applied the amendments on a prospective basis. The adoption of ASU 2025-05 did not have an impact on our consolidated financial statements and disclosures.

***Recent Accounting Guidance Not Yet Adopted:*** In November 2024, the FASB issued Accounting Standards Update No. 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses* ("ASU 2024-03"). This standard requires additional expense breakdowns in the footnotes for items such as inventory purchases, employee compensation, depreciation, and intangible asset amortization. Public companies must also provide a qualitative description of remaining expense amounts not separately disclosed, as well as the definition and total amount of selling expenses. ASU 2024-03 is effective for our fiscal year beginning after December 15, 2026, and for interim periods within our fiscal year beginning after December 15, 2027. The amendments are to be applied either prospectively to financial statements issued for reporting periods after the effective date of the update, or retrospectively to all prior periods presented in the financial statements. We are currently evaluating the effects the adoption of ASU 2024-03 will have on our consolidated financial statements and related disclosures.

In September 2025, the FASB issued Accounting Standards Update No. 2025-06, *Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software* ("ASU 2025-06"). This standard modernizes the accounting for internal-use software by removing references to prescriptive development stages and instead requiring capitalization of costs once (1) management has authorized and committed to funding the software project, and (2) it is probable the project will be completed and placed in service. Entities must evaluate whether there is "significant development uncertainty," such as unresolved novel functionality or substantially revised performance requirements, before meeting this capitalization threshold. ASU 2025-06 is effective for our fiscal years beginning after December 15, 2027, and interim periods within such fiscal years, with early adoption permitted. Entities may adopt the amendments prospectively, retrospectively, or under a modified transition approach. We are currently evaluating the impact of ASU 2025-06 on our consolidated financial statements and related disclosures.

There were no other new accounting pronouncements that were issued or became effective since the issuance of our 2025 Annual Report on Form 10-K that had, or are expected to have, a material impact on our consolidated financial position, results of operations, cash flows or disclosures.

**3. Operating Model Transformation**

In the first quarter of 2026, based on a strategic review of our operations, assets and investments, management implemented the 2026 - 2027 Operating Model Transformation Program (the "Transformation Program") to streamline decision-making, simplify organizational structures, and enhance the use of advanced technologies, including artificial intelligence, across the enterprise. The Transformation Program includes initiatives to reduce organizational layers, realign roles and responsibilities, and design workflows to support more efficient, technology-enabled operations. These actions also include the modernization of certain information technology platforms, targeted workforce reductions and role realignments. Actions to be taken under the Transformation Program were ongoing as of September 30, 2026. Cash outlays associated with this program, which primarily relate to the personnel-related costs, are expected to be paid through 2028.

During the three and nine months ended September 30, 2026, we incurred Transformation Program costs of $18 and $147, respectively, primarily related to office closures and staff reductions and relocations, including severance and related costs. These charges were recognized as operating expense in the Corporate & Other segment.

The ending liability balance related to the employee termination costs under the Transformation Program at September 30, 2026 was $99, which included charges of $129 and payments of $30 made during the nine months ended September 30, 2026.

## 4. Investments

***Fixed Maturity Securities***

A summary of current and long-term fixed maturity securities, available-for-sale, at September 30, 2026 and December 31, 2025 is as follows:

| | Cost or Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Allowance For Credit Losses | Estimated Fair Value |
|---|---|---|---|---|---|
| **September 30, 2026** | | | | | |
| Fixed maturity securities: | | | | | |
| United States Government securities | $ 1,633 | $ — | $ (102) | $ — | $ 1,531 |
| Government sponsored securities | 34 | — | (2) | — | 32 |
| Foreign government securities | 15 | — | (1) | — | 14 |
| States, municipalities and political subdivisions, tax-exempt | 3,663 | 3 | (237) | (2) | 3,427 |
| Corporate securities | 14,028 | 36 | (654) | (7) | 13,403 |
| Residential mortgage-backed securities | 4,049 | 3 | (332) | (2) | 3,718 |
| Commercial mortgage-backed securities | 1,577 | 2 | (68) | (2) | 1,509 |
| Other asset-backed securities | 3,079 | 51 | (159) | (47) | 2,924 |
| Total fixed maturity securities | $ 28,078 | $ 95 | $ (1,555) | $ (60) | $ 26,558 |
| **December 31, 2025** | | | | | |
| Fixed maturity securities: | | | | | |
| United States Government securities | $ 1,512 | $ 10 | $ (19) | $ — | $ 1,503 |
| Government sponsored securities | 80 | 2 | (1) | — | 81 |
| Foreign government securities | 13 | — | — | — | 13 |
| States, municipalities and political subdivisions, tax-exempt | 3,701 | 76 | (74) | (2) | 3,701 |
| Corporate securities | 13,498 | 419 | (130) | (4) | 13,783 |
| Residential mortgage-backed securities | 3,203 | 43 | (136) | (3) | 3,107 |
| Commercial mortgage-backed securities | 2,078 | 28 | (31) | (2) | 2,073 |
| Other asset-backed securities | 2,804 | 53 | (103) | (10) | 2,744 |
| Total fixed maturity securities | $ 26,889 | $ 631 | $ (494) | $ (21) | $ 27,005 |

Other asset-backed securities primarily consist of collateralized loan obligations and other debt securities.

For fixed maturity securities in an unrealized loss position at September 30, 2026 and December 31, 2025, the following table summarizes the aggregate fair values and gross unrealized losses by length of time those securities have continuously been in an unrealized loss position:

| | Less than 12 Months | | | 12 Months or Greater | | |
|---|---|---|---|---|---|---|
| *(Securities are whole amounts)* | Number of Securities | Estimated Fair Value | Gross Unrealized Loss | Number of Securities | Estimated Fair Value | Gross Unrealized Loss |
| **September 30, 2026** | | | | | | |
| Fixed maturity securities: | | | | | | |
| United States Government securities | 71 | $ 1,351 | $ (76) | 13 | $ 106 | $ (26) |
| Government sponsored securities | 12 | 24 | (1) | 11 | 8 | (1) |
| Foreign government securities | 5 | 14 | (1) | 1 | — | — |
| States, municipalities and political subdivisions, tax-exempt | 1,071 | 2,729 | (148) | 330 | 510 | (89) |
| Corporate securities | 2,561 | 10,977 | (541) | 531 | 752 | (113) |
| Residential mortgage-backed securities | 697 | 2,737 | (152) | 1,139 | 819 | (180) |
| Commercial mortgage-backed securities | 276 | 1,109 | (41) | 110 | 222 | (27) |
| Other asset-backed securities | 403 | 1,567 | (53) | 165 | 355 | (106) |
| Total fixed maturity securities | 5,096 | $ 20,508 | $ (1,013) | 2,300 | $ 2,772 | $ (542) |
| **December 31, 2025** | | | | | | |
| Fixed maturity securities: | | | | | | |
| United States Government securities | 18 | $ 460 | $ (3) | 17 | $ 167 | $ (16) |
| Government sponsored securities | 4 | — | — | 16 | 29 | (1) |
| Foreign government securities | 1 | 3 | — | 2 | 1 | — |
| States, municipalities and political subdivisions, tax-exempt | 213 | 486 | (8) | 522 | 848 | (66) |
| Corporate securities | 568 | 1,398 | (22) | 839 | 1,397 | (108) |
| Residential mortgage-backed securities | 169 | 282 | (4) | 1,164 | 1,012 | (132) |
| Commercial mortgage-backed securities | 80 | 308 | (6) | 212 | 479 | (25) |
| Other asset-backed securities | 154 | 657 | (28) | 174 | 275 | (75) |
| Total fixed maturity securities | 1,207 | $ 3,594 | $ (71) | 2,946 | $ 4,208 | $ (423) |

Unrealized losses on our securities shown in the table above have not been recognized into income because, as of September 30, 2026, we do not intend to sell these investments and it is likely that we will not be required to sell these investments prior to their anticipated recovery. The declines in fair values are largely due to elevated interest rates driven by the higher rate of inflation and other market conditions.

Allowances for credit losses have been recorded in the amount of $60 and $21 at September 30, 2026 and December 31, 2025, respectively, for declines in fair value due to unfavorable changes in the credit quality characteristics that impact our assessment of collectability of principal and interest.

The amortized cost and fair value of fixed maturity securities at September 30, 2026, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because the issuers of the securities may have the right to prepay obligations.

| | Amortized Cost | Estimated Fair Value |
|---|---|---|
| Due in one year or less | $ 295 | $ 289 |
| Due after one year through five years | 3,254 | 3,167 |
| Due after five years through ten years | 9,379 | 8,972 |
| Due after ten years | 6,445 | 5,979 |
| Mortgage and other asset-backed securities | 8,705 | 8,151 |
| Total fixed maturity securities | $ 28,078 | $ 26,558 |

***Equity Securities***

A summary of current equity securities at September 30, 2026 and December 31, 2025 is as follows:

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| Equity securities: | | |
| Exchange traded funds | $ 2,063 | $ 650 |
| Common equity securities | 40 | 35 |
| Private equity securities | 48 | 55 |
| Total | $ 2,151 | $ 740 |

***Other Invested Assets***

A summary of other invested assets at September 30, 2026 and December 31, 2025 is as follows:

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| Other invested assets: | | |
| Company-owned life insurance | $ 3,080 | $ 2,927 |
| Equity method investments and joint ventures | 3,087 | 3,136 |
| Limited partnership investments | 3,646 | 3,033 |
| Other | 1,695 | 1,743 |
| Total | $ 11,508 | $ 10,839 |

At September 30, 2026, “Other invested assets” included non-controlled equity method investments and joint ventures, including our minority interest ownership of approximately 40% of Augusta Topco Holdings, L.P. (“Mosaic Health”) and our 40% minority interest ownership of Project Freedom Holdings, LLC, which is the ultimate parent of LIBERTY Dental Plan Corporation (“Liberty Dental”). See Note 5, “Investments” to our audited consolidated financial statements as of and for the year ended December 31, 2025 included in Part II, Item 8 of our 2025 Annual Report on Form 10-K.

In connection with our equity method investment in Mosaic Health, we entered into a financing agreement to provide a term loan of $200 and a line of credit up to $500 to Mosaic Health. Net amounts receivable under these arrangements were $188 for the term loan and $188 for line of credit borrowings at September 30, 2026 and $188 for the term loan and $94 for line of credit borrowings at December 31, 2025, which are included under the caption "Other invested assets" in our consolidated balance sheets. Interest income recognized from the financing arrangement during the three and nine months ended September 30, 2026 and 2025 was not material. In addition to the term loan and line of credit, we committed to providing $70 of additional funding with no additional equity interest in Mosaic Health to meet any shortfall in operating cash flow and regulatory capital requirements of certain businesses that were contributed by us to Mosaic Health through December 31, 2026. Additional funding of $0 and $34 was provided during the three and nine months ended September 30, 2026, respectively. No additional funding was provided as of December 31, 2025. We also committed to fund any shortfalls above $70 in those businesses if necessary for which we would receive additional equity interests in Mosaic Health, in which none has been contributed. Related party transactions with Mosaic Health included care delivery and enablement services provided in the normal course of business which amounts were included in "Benefit expense" in our consolidated statements of income amounting to $197 and $583 for the three and nine months ended September 30, 2026, respectively, and $162 and $662 for the three and nine months ended September 30, 2025, respectively.

In connection with our equity method investment in Liberty Dental, in December 2024 we entered into a commitment to provide funding in the form of mandatorily redeemable preferred equity shares in Liberty Dental of up to $250, of which $165 was disbursed as of both September 30, 2026 and December 31, 2025. Mandatorily redeemable preferred equity in Liberty Dental of $168 and $137 is included in the caption "Other invested assets" in our consolidated balance sheets at September 30, 2026 and December 31, 2025, respectively. Dividend income recognized from the financing arrangement during the three and nine months ended September 30, 2026 and 2025 was not material. Related party transactions in the normal course of business with Liberty Dental included administrative services to our Medicare Advantage members under a capitated arrangement amounting to $126 and $382, for the three and nine months ended September 30, 2026, respectively, and $149 and $441, for the nine months ended September 30, 2025, respectively, which amounts were included in "Benefit expense" in our consolidated statements of income.

***Investment Gains (Losses)***

Net investment gains (losses) for the three and nine months ended September 30, 2026 and 2025 are as follows:

| | Three Months Ended September 30, | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Net gains (losses): | | | | |
| Fixed maturity securities: | | | | |
| Gross realized gains from sales | $ 12 | $ 39 | $ 75 | $ 88 |
| Gross realized losses from sales | (80) | (51) | (151) | (195) |
| Impairment losses recognized in income | (6) | — | (42) | (10) |
| Net realized losses from sales of fixed maturity securities | (74) | (12) | (118) | (117) |
| Equity securities: | | | | |
| Unrealized gains (losses) recognized on equity securities still held at the end of the period | (8) | 8 | (8) | 2 |
| Net realized losses recognized on equity securities sold during the period | (4) | (7) | (7) | (9) |
| Net gains (losses) on equity securities | (12) | 1 | (15) | (7) |
| Other investments: | | | | |
| Gross gains from sales | 21 | 28 | 58 | 41 |
| Gross losses from sales | (12) | — | (23) | (100) |
| Other realized losses recognized in income | (55) | (17) | (150) | (411) |
| Net gains (losses) on other investments | (46) | 11 | (115) | (470) |
| Net losses on investments | $ (132) | $ — | $ (248) | $ (594) |

A primary objective in the management of our fixed maturity and equity portfolios is to maximize total return relative to underlying liabilities and respective liquidity needs. In achieving this goal, assets may be sold to take advantage of market conditions or other investment opportunities as well as tax considerations. Sales will generally produce realized gains and losses. In the ordinary course of business, we may sell securities at a loss for a number of reasons, including, but not limited to: (i) changes in the investment environment; (ii) expectations that the fair value could deteriorate further; (iii) desire to reduce exposure to an issuer or an industry; (iv) changes in credit quality; or (v) changes in expected cash flow.

During the three and nine months ended September 30, 2026, we received total proceeds from sales, maturities, calls or redemptions of fixed maturity securities of $3,447 and $9,243, respectively. During the three and nine months ended September 30, 2025, we received total proceeds from sales, maturities, calls or redemptions of fixed maturity securities of $2,738 and $8,759, respectively.

***Accrued Investment Income***

At September 30, 2026 and December 31, 2025, accrued investment income totaled $308 and $295, respectively. We recognize accrued investment income under the caption "Other receivables" on our consolidated balance sheets.

***Securities Lending Programs***

The fair value of the cash and securities received as collateral for securities loaned at September 30, 2026 and December 31, 2025 was $3,064 and $2,691, respectively. The collateral received was 102% of the market value of the loaned securities at each of September 30, 2026 and December 31, 2025.

We recognize the collateral as an asset under the caption "Other current assets" in our consolidated balance sheets, and we recognize a corresponding liability for the obligation to return the collateral to the borrower under the caption "Other current liabilities." The securities on loan are reported in the applicable investment category on our consolidated balance sheets.

At September 30, 2026 and December 31, 2025, the remaining contractual maturities of our securities lending transactions included overnight and continuous transactions of cash for $2,373 and $2,136, respectively, United States Government securities for $587 and $552, respectively, and residential mortgage-backed securities for $104 and $3, respectively.

**5. Derivative Financial Instruments**

We primarily invest in the following types of derivative financial instruments: interest rate swaps, futures, forward contracts, put and call options, collars, swaptions, embedded derivatives and warrants. We also enter into master netting agreements, which reduce credit risk by permitting net settlement of transactions. We posted collateral of $372 and received collateral of $34 related to our derivative financial instruments at September 30, 2026 and December 31, 2025, respectively.

We have entered into various interest rate swap contracts to convert a portion of our interest rate exposure on our long-term debt from fixed rates to floating rates. The floating rates payable on all of our fair value hedges are benchmarked to the Secured Overnight Financing Rate ("SOFR"). These derivatives are recorded at fair value and are included in the captions "Other current assets," "Other noncurrent assets," "Other current liabilities" or "Other noncurrent liabilities" in our consolidated balance sheets, as applicable.

The unrecognized loss, net of tax, for all expired and terminated interest rate cash flow hedges included in "Accumulated other comprehensive loss" in our consolidated balance sheets was $184 and $192 as of September 30, 2026 and December 31, 2025, respectively.

During the three and nine months ended September 30, 2026, we recognized net gains of $86 and $66, respectively, on non-hedging derivatives included in "Net losses on financial instruments" in our consolidated income statements. During the three and nine months ended September 30, 2025, we recognized net gains of $0 and net losses of $2, respectively, on non-hedging derivatives included in "Net losses on financial instruments" in our consolidated income statements.

In connection with our equity investment in Mosaic Health (see Note 4, “Investments”), we entered into a limited partnership and related agreements with the majority owners that provide for certain rights and obligations of each party, including certain put, call, and purchase price true-up options. These options, if exercised, will result in our purchase of the units held by the majority owners as early as 2028 but no later than 2030 at a price based on certain multiples of revenue and earnings of Mosaic Health businesses, subject to various adjustments and qualifications. At inception, we calculated the fair value of the net put option, which is a Level III measurement (see Note 6, “Fair Value”), using a Monte Carlo simulation, which relies on assumptions including cash flow projections, risk-free rates, volatility and details specific to the options. Significant changes in assumptions could result in significantly lower or higher fair value measurements. The carrying value of the net put option of $1,330, which is a non-cash item originally measured at fair value, is included under the caption “Other noncurrent liabilities” in our consolidated balance sheets as of September 30, 2026. We have elected to not mark the net put option to market, as it is an option on large blocks of equity securities, and the carrying value of the net put option will remain on the consolidated balance sheets until it is exercised, expires, or the terms are substantially amended.

In connection with our equity investment in Liberty Dental (see Note 4, “Investments”), we entered into an agreement with the majority owners that provides for certain rights and obligations of each party, including certain put and call options. The terms of the agreement were amended in September 2026 whereby the put and call options were replaced with a variable-priced forward contract with specified purchase dates in 2027 for the majority owners' shares, subject to customary regulatory approvals. Our purchase of the units held by the majority owners will be at a price based on certain multiples of Liberty Dental earnings, subject to various adjustments and qualifications, which is expected to total up to $600 based on current projections. We have calculated the fair value of the forward contract as of September 2026, which is a Level III measurement (see Note 6, “Fair Value”), based on assumptions including cash flow projections, risk-free rates, volatility and details specific to the agreement. Significant changes in assumptions could result in significantly lower or higher fair value measurements. The fair value of the variable-priced forward contract of $227, which is a non-cash item, was recorded under the caption “Other noncurrent liabilities” in our consolidated balance sheets as of September 30, 2026. Replacing the $396 net put option liability with the variable-priced forward contract resulted in a realized gain on financial instruments of $169 during the three months ended September 30, 2026.

For additional information relating to the fair value of our derivative assets and liabilities, see Note 6, “Fair Value,” included in this Quarterly Report on Form 10-Q.

## 6. Fair Value

Assets and liabilities recorded at fair value in our consolidated balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair value. These assets and liabilities are classified into one of three levels of hierarchy defined by GAAP.

For a description of the methods and assumptions that are used to estimate and determine the fair value hierarchy classification for each class of financial instruments, see Note 7, “Fair Value,” to our audited consolidated financial statements as of and for the year ended December 31, 2025 included in Part II, Item 8 of our 2025 Annual Report on Form 10-K.

A summary of fair value measurements by level for assets and liabilities measured at fair value on a recurring basis at September 30, 2026 and December 31, 2025 is as follows:

| | Level I | Level II | Level III | Total |
|---|---|---|---|---|
| **September 30, 2026** | | | | |
| **Assets:** | | | | |
| Cash equivalents | $ 5,687 | $ — | $ — | $ 5,687 |
| Fixed maturity securities, available-for-sale: | | | | |
| United States Government securities | — | 1,531 | — | 1,531 |
| Government sponsored securities | — | 32 | — | 32 |
| Foreign government securities | — | 14 | — | 14 |
| States, municipalities and political subdivisions, tax-exempt | — | 3,427 | — | 3,427 |
| Corporate securities | — | 13,006 | 397 | 13,403 |
| Residential mortgage-backed securities | — | 3,715 | 3 | 3,718 |
| Commercial mortgage-backed securities | — | 1,509 | — | 1,509 |
| Other asset-backed securities | — | 2,041 | 883 | 2,924 |
| Total fixed maturity securities, available-for-sale | — | 25,275 | 1,283 | 26,558 |
| Equity securities: | | | | |
| Exchange traded funds | 2,063 | — | — | 2,063 |
| Common equity securities | — | 40 | — | 40 |
| Private equity securities | — | — | 48 | 48 |
| Total equity securities | 2,063 | 40 | 48 | 2,151 |
| Other invested assets - common equity securities | 5 | — | 3 | 8 |
| Securities lending collateral | — | 3,066 | — | 3,066 |
| Derivatives - other assets | — | 72 | — | 72 |
| **Total assets** | $ 7,755 | $ 28,453 | $ 1,334 | $ 37,542 |
| Percentage of total assets at fair value | 21% | 76% | 3% | 100% |
| **Liabilities:** | | | | |
| Derivatives - other liabilities | $ — | $ (602) | $ — | $ (602) |
| **Total liabilities** | $ — | $ (602) | $ — | $ (602) |
| **December 31, 2025** | | | | |
| **Assets:** | | | | |
| Cash equivalents | $ 5,184 | $ — | $ — | $ 5,184 |
| Fixed maturity securities, available-for-sale: | | | | |
| United States Government securities | — | 1,503 | — | 1,503 |
| Government sponsored securities | — | 81 | — | 81 |
| Foreign government securities | — | 13 | — | 13 |
| States, municipalities and political subdivisions, tax-exempt | — | 3,701 | — | 3,701 |
| Corporate securities | — | 13,373 | 410 | 13,783 |
| Residential mortgage-backed securities | — | 3,090 | 17 | 3,107 |
| Commercial mortgage-backed securities | — | 2,073 | — | 2,073 |
| Other asset-backed securities | — | 1,878 | 866 | 2,744 |
| Total fixed maturity securities, available-for-sale | — | 25,712 | 1,293 | 27,005 |
| Equity securities: | | | | |
| Exchange traded funds | 650 | — | — | 650 |
| Common equity securities | — | 35 | — | 35 |
| Private equity securities | — | — | 55 | 55 |
| Total equity securities | 650 | 35 | 55 | 740 |
| Other invested assets - common equity securities | 6 | — | — | 6 |
| Securities lending collateral | — | 2,692 | — | 2,692 |
| Derivatives - other assets | — | 62 | — | 62 |
| **Total assets** | $ 5,840 | $ 28,501 | $ 1,348 | $ 35,689 |
| Percentage of total assets at fair value | 16% | 80% | 4% | 100% |
| **Liabilities:** | | | | |
| Derivatives - other liabilities | $ — | $ (28) | $ — | $ (28) |
| **Total liabilities** | $ — | $ (28) | $ — | $ (28) |

There were no individually material transfers into or out of Level III during the three and nine months ended September 30, 2026 or 2025. There were no adjustments to quoted market prices obtained from the pricing services during the three and nine months ended September 30, 2026 or 2025.

Certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments only in certain circumstances. The fair values of goodwill and other intangible assets acquired in certain business acquisitions during the years ended December 31, 2025 and 2024 were finalized based on a valuation performed using the income approach. The income approach estimates fair value based on the present value of the cash flows that the assets could be expected to generate in the future. We developed internal estimates for the expected cash flows and discount rate in the present value calculation.

As discussed in more detail within Note 4, “Investments”, we entered into an agreement that included a put and call option associated with our minority interest ownership of Mosaic Health in 2024. The resulting net put option liability was recorded at its fair value measured at the date of acquisition using Level III inputs with an election not to mark the derivative to market, which is further discussed and disclosed in Note 5, “Derivative Financial Instruments”. The net put option fair value for Mosaic Health was $2,763 and $2,717 at September 30, 2026 and December 31, 2025, respectively.

As discussed in Note 5, “Derivative Financial Instruments”, an agreement that included a put and call option associated with our minority interest ownership of Liberty Dental, for which the fair value of the net put liability was $327 at December 31, 2025, was replaced with a variable-priced forward contract recorded at fair value of $227 as of September 30, 2026. The net put option liability was measured and recorded at fair value at the date of acquisition using Level III inputs, with an election not to mark the derivative to market. The variable-priced forward contract is a derivative carried at estimated fair value.

For the three and nine months ended September 30, 2026, there were no material assets or liabilities measured at fair value on a nonrecurring basis other than the net put option on Mosaic Health. Other than the goodwill and intangible assets acquired and liabilities assumed in our business acquisitions and the net put option on Mosaic Health and Liberty Dental, there were no material assets or liabilities measured at fair value on a nonrecurring basis during the three and nine months ended September 30, 2025

In addition to the preceding disclosures on assets recorded at fair value in the consolidated balance sheets, FASB guidance also requires the disclosure of fair values for certain other financial instruments for which it is practicable to estimate fair value, whether or not such values are recognized in our consolidated balance sheets.

Non-financial instruments such as property and equipment, other current assets, deferred income taxes, intangible assets and certain financial instruments, such as limited partnerships, joint ventures, other non-controlled corporations, corporate-owned life insurance policies, and policy liabilities, are excluded from the fair value disclosures. Therefore, the fair value amounts cannot be aggregated to determine our underlying economic value.

The carrying amounts reported in the consolidated balance sheets for cash, premium receivables, self-funded receivables, other receivables, unearned income, accounts payable and accrued expenses, and certain other current liabilities approximate fair value because of the short-term nature of these items. These assets and liabilities are not listed in the table below.

See Note 7, “Fair Value,” to our audited consolidated financial statements as of and for the year ended December 31, 2025 included in Part II, Item 8 of our 2025 Annual Report on Form 10-K for details on the methods and assumptions used to estimate the fair value for each class of financial instruments that are recorded at their carrying value in our consolidated balance sheets.

A summary of the estimated fair values by level for each class of financial instruments that is recorded at its carrying value on our consolidated balance sheets at September 30, 2026 and December 31, 2025 is as follows:

| | Carrying Value | Estimated Fair Value | | | |
|---|---|---|---|---|---|
| | | Level I | Level II | Level III | Total |
| **September 30, 2026** | | | | | |
| **Assets:** | | | | | |
| Other invested assets | $ 901 | $ — | $ — | $ 852 | $ 852 |
| **Liabilities:** | | | | | |
| Debt: | | | | | |
| Notes | 30,757 | — | 27,370 | — | 27,370 |
| Options | 1,330 | — | — | 2,763 | 2,763 |
| | | | | | |
| **December 31, 2025** | | | | | |
| **Assets:** | | | | | |
| Other invested assets | $ 781 | $ — | $ — | $ 762 | $ 762 |
| **Liabilities:** | | | | | |
| Debt: | | | | | |
| Short-term borrowings | 150 | — | 150 | — | 150 |
| Notes | 31,896 | — | 30,207 | — | 30,207 |
| Options | 1,726 | — | — | 3,044 | 3,044 |

## 7. Income Taxes

During the three months ended September 30, 2026 and 2025, we recognized income tax expense of $451 and $219, respectively, which represent effective income tax rates of 25.1% and 15.6%, respectively. During the nine months ended September 30, 2026 and 2025, we recognized income tax expense of $1,478 and $1,380, respectively, which represent effective income tax rates of 24.5% and 21.2%, respectively. The increase in our effective income tax rate compared to the three months ended September 30, 2025 was primarily due to investment tax credits purchased and recognized in the prior-year quarter, with less tax credits purchased in the current-year quarter. The increase in our effective income tax rate compared to the nine months ended September 30, 2025 was primarily due to a current year net increase in reserves for uncertain tax positions.

Income taxes netted to a payable of $479 at September 30, 2026 and a receivable of $436 at December 31, 2025. We recognized income taxes receivable of $206 and $587 as an asset under the caption “Other current assets” and income taxes payable of $685 and $151 as a liability under the caption “Other current liabilities” in our consolidated balance sheets as of September 30, 2026 and December 31, 2025, respectively.

**8. Medical Claims Payable**

A reconciliation of the beginning and ending balances for medical claims payable for the nine months ended September 30, 2026 and 2025 is as follows:

| | 2026 | 2025 |
|---|---|---|
| Gross medical claims payable, beginning of period | $ 16,829 | $ 15,580 |
| Ceded medical claims payable, beginning of period | (48) | (13) |
| Net medical claims payable, beginning of period | 16,781 | 15,567 |
| Business combinations and purchase adjustments | — | 344 |
| Net incurred medical claims: | | |
| Current period | 108,608 | 108,423 |
| Prior periods redundancies | (1,295) | (1,266) |
| Total net incurred medical claims | 107,313 | 107,157 |
| Net payments attributable to: | | |
| Current period medical claims | 92,416 | 93,545 |
| Prior periods medical claims | 13,629 | 12,699 |
| Total net payments | 106,045 | 106,244 |
| Net medical claims payable, end of period | 18,049 | 16,824 |
| Ceded medical claims payable, end of period | 45 | 44 |
| Gross medical claims payable, end of period | $ 18,094 | $ 16,868 |

At September 30, 2026, the total of net incurred but not reported liabilities plus expected development on reported claims was $16,192, $1,445 and $412 for the claim years 2026, 2025, and 2024 and prior, respectively.

The favorable development recognized in the nine months ended September 30, 2026 resulted from both favorable completion and trend factor development from 2025.

The favorable development recognized in the nine months ended September 30, 2025 resulted from trend factors in late 2024 developing more favorably than originally expected as well as a smaller contribution from faster than expected development of completion factors from the latter part of 2024.

The reconciliation of net incurred medical claims to benefit expense included in our consolidated statements of income for the nine months ended September 30, 2026 and 2025 is as follows:

| | 2026 | 2025 |
|---|---|---|
| Net incurred medical claims with medical claims payable | $ 107,094 | $ 103,923 |
| Performance-based risk arrangements without medical claims payable | 219 | 3,234 |
| Total net incurred medical claims | 107,313 | 107,157 |
| Quality improvement and other claims expense | 3,105 | 3,001 |
| Benefit expense | $ 110,418 | $ 110,158 |

Net incurred medical claims under certain performance-based risk arrangements that include gain or loss sharing components do not require a medical claim payable liability.

The reconciliation of the medical claims payable reflected in the tables above to the consolidated ending balance for medical claims payable included in the consolidated balance sheets, as of September 30, 2026 is as follows:

| | Total |
|---|---|
| Net medical claims payable, end of period | $ 18,049 |
| Ceded medical claims payable, end of period | 45 |
| Insurance lines other than short duration | 344 |
| Gross medical claims payable, end of period | $ 18,438 |

## 9. Debt

***Long-term debt***

The carrying value of our long-term debt at September 30, 2026 and December 31, 2025 consists of the following:

| | September 30, 2026 | December 31, 2025 |
|---|---|---|
| Senior unsecured notes | $ 30,732 | $ 31,871 |
| Unsecured surplus note | 25 | 25 |
| Total long-term debt | 30,757 | 31,896 |
| Current portion of long-term debt | (375) | (1,099) |
| Long-term debt, less current portion | $ 30,382 | $ 30,797 |

On March 15, 2026, we repaid, at maturity, the $750 outstanding balance of our 1.500% senior unsecured notes. During the twelve months ended December 31, 2025, the Company repaid at maturity $1,250 of its 2.375% senior unsecured notes and redeemed $400 of its 5.350% senior unsecured notes and $500 of its 4.900% senior unsecured notes.

***Short-term borrowings***

We have a senior revolving credit facility (the "5-Year Facility") with a group of lenders for general corporate purposes. The 5-Year Facility provides credit of $5,000 and matures in September 2030. In addition, we have an authorized commercial paper program of up to $5,000, the proceeds of which may be used for general corporate purposes. We also maintain borrowing arrangements with the Federal Home Loan Bank of Indianapolis, the Federal Home Loan Bank of Cincinnati, the Federal Home Loan Bank of Atlanta and the Federal Home Loan Bank of New York (collectively, the "FHLBs"), under which we may obtain advances.

The following table summarizes our outstanding short-term borrowings and advances as of September 30, 2026 and December 31, 2025.

| Facility | September 30, 2026 | December 31, 2025 |
|---|---|---|
| Senior revolving credit facility | $ — | $ — |
| Commercial paper program | $ — | $ — |
| FHLB advances | $ — | $ 150 |

All debt is a direct obligation of Elevance Health, Inc., except for the unsecured surplus note and the FHLB advances, which are obligations of certain subsidiaries. We were in compliance with our debt covenants as of September 30, 2026. For more information on our short-term borrowings, debt covenants and long-term debt, see Note 13, "Debt," to our audited consolidated financial statements as of and for the year ended December 31, 2025 included in Part II, Item 8 of our 2025 Annual Report on Form 10-K.

## 10. Commitments and Contingencies

***Litigation and Regulatory Proceedings***

We are defendants in, or parties to, a number of pending or threatened legal actions or proceedings. To the extent a plaintiff or plaintiffs in the following cases have specified in their complaint or in other court filings the amount of damages being sought, we have noted those alleged damages in the descriptions below.

Where available information indicates that it is probable that a loss has been incurred as of the date of the consolidated financial statements and we can reasonably estimate the amount of that loss, we accrue the estimated loss by a charge to income. In many proceedings, however, it is difficult to determine whether any loss is probable or reasonably possible. In addition, even where loss is possible or probable or an exposure to loss exists in excess of the liability already accrued with respect to a previously identified loss contingency, it is not always possible to reasonably estimate the amount of the possible or probable loss or range of losses in excess of the amount, if any, accrued, for various reasons, including but not limited to some or all of the following: (i) there are novel or unsettled legal issues presented, (ii) the proceedings are in early stages, (iii) there is uncertainty as to the likelihood of a class being certified or decertified or the ultimate size and scope of the class, (iv) there is uncertainty as to the outcome of pending appeals or motions, (v) there are significant factual issues to be resolved, and/or (vi) in many cases, the plaintiffs have not specified damages in their complaint or in court filings.

With respect to the cases described below, we contest the liability and/or the amount of damages in each matter, and we believe we have meritorious defenses. We do not believe the outcome of any known pending or threatened legal actions or proceedings will, in the aggregate, have a material impact on our financial position. However, unanticipated outcomes do sometimes occur, which could result in liabilities in excess of our accruals and could have a material adverse effect on our consolidated financial position or results of operations.

In addition to the lawsuits described below, we are also involved in other pending and threatened litigation of the character incidental to our business and are from time to time involved as a party in various governmental investigations, audits, reviews and administrative proceedings ("government actions"). These government actions include routine and special inquiries by and disclosures to state insurance departments, state attorneys general, U.S. Regulatory Agencies, the U.S. Attorney General and subcommittees of the U.S. Congress. Such government actions could result in the imposition of civil or criminal fines, penalties, other sanctions and additional rules, regulations or other restrictions on our business operations. Any liability that may result from any one of these government actions individually, or in the aggregate, could have a material adverse effect on our consolidated financial position or results of operations.

Blue Cross Blue Shield Antitrust Litigation

We have been a defendant in multiple lawsuits that were initially filed in 2012 against the BCBSA and Blue Cross and/or Blue Shield licensees (the "Blue plans") across the country. These cases were consolidated into a single, multi-district proceeding captioned *In re Blue Cross Blue Shield Antitrust Litigation* (the "BCBSA Litigation") that is pending in the U.S. District Court for the Northern District of Alabama (the "Court"). Generally, the suits allege that the BCBSA and the Blue plans have conspired to horizontally allocate geographic markets through license agreements, best efforts rules that limit the percentage of non-Blue revenue of each plan, restrictions on acquisitions, rules governing the BlueCard® and National Accounts programs and other arrangements in violation of the Sherman Antitrust Act and related state laws. The cases were brought by two putative nationwide classes of plaintiffs, health plan subscribers and providers.

The BCBSA and Blue plans approved and entered into a settlement agreement and release with the subscriber plaintiffs (the "Subscriber Settlement Agreement") and a separate settlement agreement and release with the provider plaintiffs (the "Provider Settlement Agreement") which settlements received final approval from the Court in September 2022 and August 2025, respectively.

A number of follow-on cases involving entities that opted out of the Subscriber Settlement Agreement have been filed and remain pending. Those actions are: *Alaska Air Group, Inc., et al. v. Anthem, Inc., et al.,* No. 2:21-cv-01209-AMM (N.D. Ala.) ("Alaska Air"); *JetBlue Airways Corp., et al. v. Anthem, Inc., et al.*, No. 2:22-cv-00558-GMB (N.D. Ala.) ("Jet Blue"); *Metropolitan Transportation Authority v. Blue Cross and Blue Shield of Alabama et al.*, No. 2:22-cv-00265-RDP (N.D. Ala.) (dismissed without prejudice in June 2023); *Bed Bath & Beyond Inc. v. Anthem, Inc.*, No. 2:22-cv-01256-SGC (N.D. Ala.) and *Hoover, et al. v. Blue Cross Blue Shield Association, et al.*, No. 1:21-cv-23448 (S.D. Fla.) (dismissed with prejudice in

July 2026). Beginning in 2021, Prime Healthcare Services, Inc., Prime Healthcare Foundation, Inc., Prime Healthcare Management, Inc.and VHS Liquidating Trust ("VHS") filed an antitrust action, *VHS Liquidating Trust v. Blue Cross of California, et al.,* No. RG21106600 (Cal Super.) against BCBSA and all Blue plans in California Superior Court bringing similar claims as the BCBSA Litigation. In February 2023, the Court denied the defendants' motion to dismiss based on a statute of limitations defense in *Alaska Air* and *Jet Blue*. In September 2023, the California Superior Court presiding over the *VHS* case upheld its prior order granting in part defendants' motion to strike based on the statute of limitations. In February 2025, the VHS plaintiffs amended their complaint to add an additional plaintiff, Children's Hospital of Los Angeles. In October 2026, the California Superior Court issued an order on the applicable standard of review for the *VHS* case. Trial for this case is scheduled for March 2027. Additional provider opt-out cases, *The Regents of the University of California vs Blue Cross Blue Shield Association, et al.,* No.25CV154222 (Cal Super.) and *Chinese Hospital Association, et al. v. Blue Cross California, et al.*, No. 25CV113731 (Cal Super.), have been coordinated with the *VHS* case for case management purposes in a proceeding captioned. *In re Blue Cross Antitrust Cases*, JCCP 5398 (Cal Super.) We intend to continue to vigorously defend these follow-on cases, which we believe are without merit; however, their ultimate outcome cannot be presently determined.

A number of follow-on cases involving entities that opted out of the Provider Settlement Agreement have been filed and have been centralized in the BCBSA Litigation multi-district proceeding. We intend to continue to vigorously defend these provider follow-on cases, which we believe are without merit; however, their ultimate outcome cannot be presently determined.

Medicare Risk Adjustment Litigation

In March 2020, the U.S. Department of Justice ("DOJ") filed a civil lawsuit against Elevance Health, Inc. in the U.S. District Court for the Southern District of New York (the "District Court") in a case captioned *United States v. Anthem, Inc.* The DOJ's suit alleges, among other things, that we falsely certified the accuracy of the diagnosis data we submitted to the Centers for Medicare & Medicaid Services ("CMS") for risk-adjustment purposes under Medicare Part C and knowingly failed to delete inaccurate diagnosis codes. The DOJ further alleges that, as a result of these purported acts, we caused CMS to calculate the risk-adjustment payments based on inaccurate diagnosis information, which enabled us to obtain unspecified amounts of payments in Medicare funds in violation of the False Claims Act. The DOJ filed an amended complaint in July 2020, alleging the same causes of action but revising some of its factual allegations. In September 2020, we filed a motion to transfer the lawsuit to the Southern District of Ohio, a motion to dismiss part of the lawsuit, and a motion to strike certain allegations in the amended complaint, all of which the District Court denied in October 2022. In November 2022, we filed an answer. In March 2023, discovery commenced. Fact and expert discovery are ongoing with current completion deadlines of November 20, 2026 and August 2, 2027, respectively. We intend to continue to vigorously defend this suit, which we believe is without merit; however, the ultimate outcome cannot be presently determined.

CMS Notice

In connection with the notice that the Company received in February 2026 from CMS regarding certain Medicare Advantage risk adjustment data submission requirements related to diagnosis codes for dates of service 2015 through April 2023, CMS provided a series of steps required to be completed by July 31, 2026 in order to avoid sanctions being imposed on the Company. On July 13, 2026, the Company received a letter from CMS stating that the Company had completed all required steps, sanctions would not be imposed and the enforcement process for this matter had been closed.

As previously disclosed, the Company recorded an accrual in connection with the CMS Notice of approximately $935 at March 31, 2026 representing our current best estimate of the identified potential exposure for the resubmission of certain Medicare Advantage risk adjustment data pursuant to applicable loss contingency accounting guidance. On May 27, 2026, we paid CMS $342, leaving an accrual balance of $593 as of September 30, 2026. The $593 accrual was recorded in "Other current liabilities" on the consolidated balance sheet as of September 30, 2026 and the $935 in "Operating expense" on the consolidated statement of income for the nine months ended September 30, 2026.

The Company believes that it is reasonably possible that the loss contingency liability for the risk adjustment data previously disclosed to CMS could differ from the amount originally accrued. Management currently estimates that the aggregate amount of such liability could range from approximately $320 less than the amount originally accrued up to $320 in excess of the amount originally accrued.

Independent Dispute Resolution ("IDR") Matters

Under the No Surprises Act, certain out-of-network provider reimbursement disputes arising within the Company's commercial business are resolved through the federal IDR process. The Company evaluates IDR matters on an ongoing basis and records liabilities for matters when losses are considered probable and reasonably estimable. Following the finalization and implementation of the Federal IDR Operations Final Rule, the Company recorded liabilities of $669, consisting of $44 related to fully insured arrangements and $625 related to administrative service arrangements, for certain IDR judgments and disputes that met these recognition criteria. Because amounts related to administrative services arrangements are generally recoverable from the applicable customers under the terms of those contracts, the Company also recorded corresponding self-funded receivables of $575, net of an allowance for doubtful accounts, as of September 30, 2026.

The Company is also involved in other pending IDR matters for which potential additional liabilities could amount to $324, before any related customer recoveries. Approximately 94% of these potential liabilities relate to administrative service agreements. No liabilities have been recorded for these matters because losses were not considered probable as of the reporting date. The ultimate resolution of these matters remains uncertain and may be affected by future regulatory developments, litigation, and governmental reviews.

Federal Securities Class Action and Derivative Lawsuits

In May 2025, a putative federal securities class action, *Miller v Elevance Health, Inc., et al.,* No. 1:25-cv-923, (S.D. Ind.) (the "Securities Action"), was filed against the Company and certain of its executives in the U.S. District Court for the Southern District of Indiana. The plaintiff in the lawsuit alleges that the Company made false and misleading statements with respect to the Company's 2024 earnings guidance in violation of federal securities laws. The Company filed a Motion to Dismiss in November 2025 and the Court issued an opinion in September 2026. The Court denied the Company's motion allowing certain portions of the allegations to proceed. Three related derivative lawsuits have been filed against the Company, as a nominal defendant, members of the board of directors, and certain officers. These cases remain pending, are: *Jones v. Boudreaux, et al.*, No. 49D11-2506-PL-028778, (In Superior), *Silva v. Boudreaux, et al.,* No. 1:25-cv-01270-RLY-TAB, (S.D. Ind.) and *Holzman v. Boudreaux, et al.*, No. 49D01-2509-CE-044598, (In Superior) (the "Derivative Actions"). The plaintiffs in the Derivative Actions allege that the individual defendants breached their fiduciary duties and committed other alleged misconduct in connection with the statements at issue in the Securities Action. The Company will continue to vigorously defend these cases, which we believe are without merit; however, their ultimate outcome cannot be presently determined.

***Other Contingencies***

From time to time, we and certain of our subsidiaries are parties to various legal proceedings, many of which involve claims for coverage encountered in the ordinary course of business. We, like Health Maintenance Organizations ("HMOs") and health insurers generally, exclude certain healthcare and other services from coverage under our HMO, Preferred Provider Organizations and other plans. We are, in the ordinary course of business, subject to the claims of our enrollees arising out of decisions to restrict or deny reimbursement for uncovered services. The loss of even one such claim, if it results in a significant punitive damage award, could have a material adverse effect on us. In addition, the risk of potential liability under punitive damage theories may increase significantly the difficulty of obtaining reasonable reimbursement of coverage claims.

***Contractual Obligations and Commitments***

In September 2024, we extended our agreement with a vendor for information technology infrastructure and related management and support services through June 2029. Our remaining commitment under this agreement is approximately $1,295. We have the ability to terminate the agreement upon the occurrence of certain events, subject to early termination fees.

CarelonRx markets and offers pharmacy services to our affiliated health plan customers throughout the country, as well as to customers outside of the health plans we own. The comprehensive pharmacy services portfolio includes all core pharmacy services, such as home delivery and specialty pharmacies, claims adjudication, formulary management, pharmacy networks, rebate administration, a prescription drug database and member services. CarelonRx delegates certain core pharmacy services to CaremarkPCS Health, L.L.C. ("CVS"), which is a subsidiary of CVS Health Corporation, pursuant to

an agreement ("CVS Agreement"). CarelonRx has entered into a new five-year agreement with CVS that continues the CVS relationship under updated terms beginning January 1, 2027 through December 31, 2031, subject to certain early termination rights. In the event of a termination by CarelonRx or non-renewal by either party, CarelonRx can elect to have CVS provide transition services for a period of at least 18 months.

We have financial guarantees related to standby letters of credit and surety bonds related to certain contractual commitments, which totaled $786 as of September 30, 2026. We do not believe such obligations will materially affect our financial position, results of operations, or cash flows.

We have unfunded loan commitments to certain equity investees of $301 at September 30, 2026. We do not believe such obligations will materially affect our financial position, results of operations, or cash flows.

***Vulnerability Concentrations***

Financial instruments that potentially subject us to concentrations of credit risk consist primarily of cash equivalents, investment securities, premium receivables and instruments held through hedging activities. All investment securities are managed by professional investment managers within policies authorized by our Board of Directors. Such policies limit the amounts that may be invested in any one issuer and prescribe certain investee company criteria. Concentrations of credit risk with respect to premium receivables are limited due to the large number of employer groups that constitute our customer base in the states in which we conduct business. As of September 30, 2026, there were no significant concentrations of financial instruments in a single investee, industry or geographic location.

## 11. Capital Stock

***Stock Incentive Plans***

A summary of stock option activity for the nine months ended September 30, 2026 is as follows:

| | Number of Shares | Weighted-Average Option Price per Share | Weighted-Average Remaining Contractual Life (Years) | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Outstanding at January 1, 2026 | 3.1 | $ 373.90 | | |
| Granted | 0.9 | 296.14 | | |
| Exercised | (0.2) | 222.90 | | |
| Forfeited or expired | (0.2) | 389.88 | | |
| Outstanding at September 30, 2026 | 3.6 | $ 362.09 | 6.04 | $ 200 |
| Exercisable at September 30, 2026 | 2.2 | $ 373.99 | 4.44 | $ 119 |

A summary of the status of nonvested restricted stock activity, including restricted stock units and performance units, for the nine months ended September 30, 2026 is as follows:

| | Restricted Stock Shares and Units | Weighted-Average Grant Date Fair Value per Share |
|---|---|---|
| Nonvested at January 1, 2026 | 1.1 | $ 437.32 |
| Granted | 1.0 | 297.97 |
| Vested | (0.3) | 452.21 |
| Forfeited | (0.2) | 391.18 |
| Nonvested at September 30, 2026 | 1.6 | $ 355.42 |

During the nine months ended September 30, 2026, we granted approximately 0.3 restricted stock units that are contingent upon us achieving an earnings target for 2026 and certain qualitative plan metrics over the three-year period from 2026 to 2028. These grants have been included in the activity shown above but will be subject to adjustment at the end of 2028 based on results during the three-year period.

***Fair Value***

We use a binomial lattice valuation model to estimate the fair value of all stock options granted. For a more detailed discussion of our stock incentive plan fair value methodology, see Note 15, "Capital Stock," to our audited consolidated financial statements as of and for the year ended December 31, 2025 included in Part II, Item 8 of our 2025 Annual Report on Form 10-K.

The following weighted-average assumptions were used to estimate the fair values of options granted during the nine months ended September 30, 2026 and 2025:

| | Nine Months Ended September 30 | |
|---|---|---|
| | **2026** | **2025** |
| Risk-free interest rate | 3.97 % | 4.29 % |
| Volatility factor | 31.00 % | 30.00 % |
| Quarterly dividend yield | 0.585 % | 0.432 % |
| Weighted-average expected life (years) | 4.55 | 4.45 |

The following weighted-average fair values per option or share were determined for the nine months ended September 30, 2026 and 2025:

| | Nine Months Ended September 30 | |
|---|---|---|
| | **2026** | **2025** |
| Options granted during the period | $ 76.29 | $ 106.92 |
| Restricted stock awards granted during the period | 297.97 | 393.39 |

***Use of Capital – Dividends and Stock Repurchase Program***

We regularly review the appropriate use of capital, including acquisitions, common stock and debt security repurchases and dividends to shareholders. The declaration and payment of any dividends or repurchases of our common stock or debt is at the discretion of our Board of Directors and depends upon our financial condition, results of operations, future liquidity needs, regulatory and capital requirements and other factors deemed relevant by our Board of Directors.

A summary of our cash dividend activity for the nine months ended September 30, 2026 and 2025 is as follows:

| Declaration Date | Record Date | Payment Date | Cash Dividend per Share | Total |
|---|---|---|---|---|
| **Nine Months Ended September 30, 2026** | | | | |
| January 27, 2026 | March 10, 2026 | March 25, 2026 | $1.72 | $ 376 |
| April 21, 2026 | June 10, 2026 | June 25, 2026 | $1.72 | $ 373 |
| July 14, 2026 | September 10, 2026 | September 25, 2026 | $1.72 | $ 373 |
| | | | | |
| **Nine Months Ended September 30, 2025** | | | | |
| January 22, 2025 | March 10, 2025 | March 25, 2025 | $1.71 | $ 386 |
| April 16, 2025 | June 10, 2025 | June 25, 2025 | $1.71 | $ 385 |
| July 16, 2025 | September 10, 2025 | September 25, 2025 | $1.71 | $ 381 |

On October 20, 2026, our Audit Committee declared a fourth quarter 2026 dividend to shareholders of $1.72 per share, payable on December 18, 2026 to shareholders of record at the close of business on December 4, 2026.

Under our Board of Directors' authorization, we maintain a common stock repurchase program. On October 15, 2024, our Audit Committee, pursuant to authorization granted by the Board of Directors, authorized an $8,000 increase to the common stock repurchase program. No duration has been placed on the common stock repurchase program, and we reserve the right to discontinue the program at any time. Repurchases may be made from time to time at prevailing market prices, subject to certain restrictions on volume, pricing and timing. The repurchases are effected from time to time in the open market, through negotiated transactions, including accelerated share repurchase agreements, and through plans designed to comply with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. Our stock repurchase program is discretionary, as we are under no obligation to repurchase shares. We repurchase shares under the program when we believe it is a prudent use of capital. The excess cost of the repurchased shares over par value is charged on a pro rata basis to additional paid-in capital and retained earnings.

A summary of common stock repurchases for the nine months ended September 30, 2026 and 2025 is as follows:

| | Nine Months Ended September 30 | |
|---|---|---|
| | 2026 | 2025 |
| Shares repurchased | 5.2 | 6.1 |
| Average price per share | $ 324.88 | $ 353.83 |
| Aggregate cost | $ 1,688 | $ 2,134 |
| Authorization remaining at the end of the period | $ 5,007 | $ 7,166 |

We expect to utilize the remaining authorized amount over a multi-year period, subject to market and industry conditions. For additional information regarding the use of capital for debt security repurchases, see Note 9, "Debt," included in this Quarterly Report on Form 10-Q and Note 13, "Debt," to our audited consolidated financial statements as of and for the year ended December 31, 2025 included in Part II, Item 8 of our 2025 Annual Report on Form 10-K.

## 12. Shareholders' Earnings per Share

The denominator for basic and diluted shareholders' earnings per share for the three and nine months ended September 30, 2026 and 2025 is as follows:

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Denominator for basic shareholders' earnings per share – weighted-average shares | 216.6 | 223.3 | 217.8 | 225.0 |
| Effect of dilutive securities – employee stock options and non-vested restricted stock awards | 1.0 | 0.4 | 0.8 | 0.6 |
| Denominator for diluted shareholders' earnings per share | 217.6 | 223.7 | 218.6 | 225.6 |

During the three months ended September 30, 2026 and 2025, weighted-average shares related to certain stock options of 1.6 and 2.2, respectively, were excluded from the denominator for diluted shareholders' earnings per share because the stock options were anti-dilutive. During the nine months ended September 30, 2026 and 2025, weighted-average shares related to certain stock options of 1.7 and 1.9, respectively, were excluded from the denominator for diluted shareholders' earnings per share because the stock options were anti-dilutive.

We have issued approximately 0.8 cumulative restricted stock units under our stock incentive plans, of which vesting is contingent upon us meeting specified earnings and qualitative plan performance targets. Contingent restricted stock units are excluded from the denominator for diluted shareholders' earnings per share and are included only if and when the contingency is met. These contingent restricted stock units are being measured over a three-year period and generally vest in March of the year following each measurement period.

## 13. Segment Information

We report our results of operations in the following four reportable segments: Health Benefits, CarelonRx, Carelon Services and Corporate & Other. An immaterial amount of our total consolidated revenues is derived from activities outside of the U.S. and Puerto Rico.

Our Health Benefits segment offers a comprehensive suite of health plans and services to our Individual, Employer Group risk-based, Employer Group fee-based, BlueCard®, Medicare, Medicaid and FEP® members. The Health Benefits segment offers health products on a full-risk basis; provides a broad array of administrative managed care services to our fee-based customers; and provides a variety of specialty and other insurance products and services such as stop loss, dental, vision and supplemental health insurance benefits.

Our CarelonRx segment includes our pharmacy services business. CarelonRx markets and offers pharmacy services to our affiliated health plan customers, as well as to external customers outside of the health plans we own. CarelonRx offers a comprehensive pharmacy services portfolio, which includes all core pharmacy services, such as home delivery and specialty pharmacies, claims adjudication, formulary management, pharmacy networks, rebate administration, a prescription drug database and member services, as well as infusion services and injectable therapies.

Our Carelon Services segment integrates physical, behavioral, and social services with the aim of delivering whole health affordably by offering a broad array of healthcare related services and capabilities to internal and external customers through our Carelon Health and Carelon Insights businesses. Carelon promotes affordability by managing complex areas of the healthcare system, leveraging data and insights to ensure members receive safe, appropriate, high-quality care and providers are reimbursed accurately and timely. Our approach to cost management relies on capabilities including provider enablement, value-based networks, member engagement, and utilization management. Our care delivery services primarily target serving chronic and complex populations by providing personalized care in the home and virtually.

Our Corporate & Other segment includes our businesses that do not individually meet the quantitative threshold for an operating segment, as well as corporate expenses not allocated to our other reportable segments.

We define operating revenues to include premiums, product revenue and service fees. Operating revenues are derived from premiums and fees received, primarily from the sale and administration of health benefits and pharmacy products and services. Operating gain is calculated as total operating revenue less benefit expense, cost of products sold and operating expense.

Affiliated operating revenues represent revenues or costs for services provided to our subsidiaries by CarelonRx and Carelon Services, in addition to certain administrative and other services provided by our international businesses, which are recorded at cost or management's estimate of fair market value. These affiliated operating revenues are eliminated in our consolidated financial statements.

The accounting policies of the segments are consistent with those described in the summary of significant accounting policies in Note 2, "Basis of Presentation and Significant Accounting Policies," except that all capitation risk arrangements are reported on a gross basis with an adjustment included in eliminations for capitated risk arrangements that are presented on a net basis under GAAP.

Our chief operating decision maker (the "CODM") is our Chief Executive Officer. The CODM assesses the performance of our reportable segments based on operating gain or loss as defined above. The CODM evaluates net investment income, net gains (losses) on financial instruments, interest expense, depreciation and amortization expense, income taxes and assets, liabilities and equity on a consolidated basis, as these items are managed in a corporate shared service environment and are not the responsibility of segment operating management.

The CODM uses operating gain or loss, developed during the annual budget process, and updated during the periodic forecasting process, as a basis to assess performance and allocate operating and capital resources to each segment.

Financial data by reportable segment for the three and nine months ended September 30, 2026 and 2025 is as follows:

| | Health Benefits | Carelon | | | Corporate & Other | Eliminations | Total |
|---|---|---|---|---|---|---|---|
| | | CarelonRx | Carelon Services | Total | | | |
| **Three Months Ended September 30, 2026** | | | | | | | |
| Premiums | $ 41,282 | $ — | $ 669 | $ 669 | $ — | $ (247) | $ 41,704 |
| Product revenue | — | 6,454 | — | 6,454 | — | — | 6,454 |
| Service fees | 2,075 | 1 | 206 | 207 | — | — | 2,282 |
| Operating revenue - unaffiliated | 43,357 | 6,455 | 875 | 7,330 | — | (247) | 50,440 |
| Operating revenue - affiliated | — | 5,144 | 6,833 | 11,977 | 6 | (11,983) | — |
| Operating revenue - total | $ 43,357 | $ 11,599 | $ 7,708 | $ 19,307 | $ 6 | $ (12,230) | $ 50,440 |
| | | | | | | | |
| Benefit expense | $ 37,625 | $ — | $ 6,521 | $ 6,521 | $ 6 | $ (6,373) | $ 37,779 |
| Cost of products sold | — | 10,779 | — | 10,779 | — | (5,139) | 5,640 |
| Operating expense | 5,296 | 204 | 895 | 1,099 | 75 | (718) | 5,752 |
| Operating gain (loss) | $ 436 | $ 616 | $ 292 | $ 908 | $ (75) | $ — | $ 1,269 |
| | | | | | | | |
| **Three Months Ended September 30, 2025** | | | | | | | |
| Premiums | $ 40,304 | $ — | $ 1,762 | $ 1,762 | $ — | $ (275) | $ 41,791 |
| Product revenue | — | 6,159 | — | $ 6,159 | — | — | 6,159 |
| Service fees | 1,942 | 4 | 191 | 195 | — | — | 2,137 |
| Operating revenue - unaffiliated | 42,246 | 6,163 | 1,953 | 8,116 | — | (275) | 50,087 |
| Operating revenue - affiliated | — | 4,834 | 5,371 | 10,205 | 149 | (10,354) | — |
| Operating revenue - total | $ 42,246 | $ 10,997 | $ 7,324 | $ 18,321 | $ 149 | $ (10,629) | $ 50,087 |
| | | | | | | | |
| Benefit expense | $ 36,845 | $ — | $ 6,349 | $ 6,349 | $ 4 | $ (5,058) | $ 38,140 |
| Cost of products sold | — | 10,209 | — | $ 10,209 | — | (4,829) | 5,380 |
| Operating expense | 4,800 | 232 | 756 | 988 | 226 | (742) | 5,272 |
| Operating gain (loss) | $ 601 | $ 556 | $ 219 | $ 775 | $ (81) | $ — | $ 1,295 |

| | Health Benefits | Carelon | | | Corporate & Other | Eliminations | Total |
|---|---|---|---|---|---|---|---|
| | | CarelonRx | Carelon Services | Total | | | |
| **Nine Months Ended September 30, 2026** | | | | | | | |
| Premiums | $ 122,381 | $ — | $ 2,281 | $ 2,281 | $ — | $ (655) | $ 124,007 |
| Product revenue | — | 18,943 | — | 18,943 | — | — | 18,943 |
| Service fees | 6,186 | 8 | 616 | 624 | — | — | 6,810 |
| Operating revenue - unaffiliated | 128,567 | 18,951 | 2,897 | 21,848 | — | (655) | 149,760 |
| Operating revenue - affiliated | — | 14,498 | 20,151 | 34,649 | 16 | (34,665) | — |
| Operating revenue - total | $ 128,567 | $ 33,449 | $ 23,048 | $ 56,497 | $ 16 | $ (35,320) | $ 149,760 |
| | | | | | | | |
| Benefit expense | $ 109,817 | $ — | $ 19,350 | $ 19,350 | $ 21 | $ (18,770) | $ 110,418 |
| Cost of products sold | — | 31,082 | — | 31,082 | — | (14,487) | 16,595 |
| Operating expense | 15,261 | 587 | 2,570 | 3,157 | 1,274 | (2,063) | 17,629 |
| Operating gain (loss) | $ 3,489 | $ 1,780 | $ 1,128 | $ 2,908 | $ (1,279) | $ — | $ 5,118 |
| | | | | | | | |
| **Nine Months Ended September 30, 2025** | | | | | | | |
| Premiums | $ 119,602 | $ — | $ 5,125 | $ 5,125 | $ — | $ (778) | $ 123,949 |
| Product revenue | — | 18,010 | — | $ 18,010 | — | — | 18,010 |
| Service fees | 5,657 | 11 | 646 | 657 | — | — | 6,314 |
| Operating revenue - unaffiliated | 125,259 | 18,021 | 5,771 | 23,792 | — | (778) | 148,273 |
| Operating revenue - affiliated | — | 13,735 | 15,530 | 29,265 | 546 | (29,811) | — |
| Operating revenue - total | $ 125,259 | $ 31,756 | $ 21,301 | $ 53,057 | $ 546 | $ (30,589) | $ 148,273 |
| | | | | | | | |
| Benefit expense | $ 106,725 | $ — | $ 17,958 | $ 17,958 | $ 22 | $ (14,547) | $ 110,158 |
| Cost of products sold | — | 29,377 | — | 29,377 | — | (13,721) | 15,656 |
| Operating expense | 14,156 | 685 | 2,233 | 2,918 | 816 | (2,321) | 15,569 |
| Operating gain (loss) | $ 4,378 | $ 1,694 | $ 1,110 | $ 2,804 | $ (292) | $ — | $ 6,890 |

A reconciliation of reportable segments' operating revenue to the amounts of total revenues included in our consolidated statements of income for the three and nine months ended September 30, 2026 and 2025 is as follows:

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Reportable segments' operating revenue | $ 50,440 | $ 50,087 | $ 149,760 | $ 148,273 |
| Net investment income | 1,037 | 625 | 2,506 | 1,701 |
| Net losses on financial instruments | (48) | (1) | (182) | (596) |
| Total revenues | $ 51,429 | $ 50,711 | $ 152,084 | $ 149,378 |

A reconciliation of reportable segments' operating gain to income before income tax expense included in our consolidated statements of income for the three and nine months ended September 30, 2026 and 2025 is as follows:

| | Three Months Ended September 30 | | Nine Months Ended September 30 | |
|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 |
| Income before income tax expense | $ 1,794 | $ 1,406 | $ 6,035 | $ 6,495 |
| Net investment income | (1,037) | (625) | (2,506) | (1,701) |
| Net losses on financial instruments | 48 | 1 | 182 | 596 |
| Interest expense | 358 | 351 | 1,079 | 1,036 |
| Amortization of other intangible assets | 106 | 162 | 328 | 464 |
| Reportable segments’ operating gain | $ 1,269 | $ 1,295 | $ 5,118 | $ 6,890 |

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*(In Millions, Except Per Share Data or as Otherwise Stated Herein)*

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with the accompanying consolidated financial statements and notes, as well as our consolidated financial statements and notes as of and for the year ended December 31, 2025 and the MD&A included in our 2025 Annual Report on Form 10-K. References to the terms "we," "our," "us," or "Elevance Health" used throughout this MD&A refer to Elevance Health, Inc., an Indiana corporation, and, unless the context otherwise requires, its direct and indirect subsidiaries. References to the "states" include the District of Columbia and Puerto Rico, unless the context otherwise requires.

Results of operations, cost of care trends, investment yields and other measures for the three and nine months ended September 30, 2026 are not necessarily indicative of the results and trends that may be expected for the full year ending December 31, 2026, or any other period.

### Overview

Elevance Health is a health company with the purpose of improving the health of humanity. We are one of the largest health insurers in the United States in terms of medical membership, serving approximately 44.9 million medical members through our affiliated health plans as of September 30, 2026. We are an independent licensee of the Blue Cross and Blue Shield Association ("BCBSA"), an association of independent health benefit plans. We serve our members as the Blue Cross licensee for California and as the Blue Cross and Blue Shield ("BCBS") licensee for Colorado, Connecticut, Georgia, Indiana, Kentucky, Maine, Missouri (excluding 30 counties in the Kansas City area), Nevada, New Hampshire, New York (in the New York City metropolitan area and upstate New York), Ohio, Virginia (excluding the Northern Virginia suburbs of Washington, D.C.) and Wisconsin. In a majority of these service areas, we do business as Anthem Blue Cross and Anthem Blue Cross and Blue Shield. We also conduct business through arrangements with other BCBS licensees, as well as other strategic partners. In addition, we serve members in numerous states as Wellpoint, Carelon, MMM and/or Simply Healthcare. We are licensed to conduct insurance operations in all 50 states, the District of Columbia and Puerto Rico through our subsidiaries. Through various subsidiaries, we also offer pharmacy services through our CarelonRx business, and other healthcare related services as Carelon Services.

Our portfolio consists of the following core go-to-market brands:

- Anthem Blue Cross/Anthem Blue Cross and Blue Shield — represents our Anthem-branded and affiliated Blue Cross and/or Blue Shield licensed Medicare, Medicaid, and commercial Health Benefit plans;
- Wellpoint — represents our Wellpoint branded Medicare, Medicaid and commercial Health Benefit plans and other non-BCBSA brands; and
- Carelon — represents our healthcare related services and capabilities, including our CarelonRx and Carelon Services businesses.

We report our results of operations in the following four reportable segments: Health Benefits, CarelonRx, Carelon Services and Corporate & Other (our businesses that do not individually meet the quantitative thresholds for an operating segment, as well as corporate expenses not allocated to our other reportable segments). For additional information, see Note 13, "Segment Information," of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

For additional information about our organization, see Part I, Item 1, "Business" and Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in our 2025 Annual Report on Form 10-K.

**Business Trends**

*Medical Cost Trends:* Our medical cost trends are primarily driven by changes in the utilization of services across all provider types and the unit cost of these services. We work to mitigate these trends through various medical management programs such as care and condition management, program integrity and specialty pharmacy management and utilization management, as well as benefit design changes. There are many drivers of medical cost trends that can cause variance from our estimates, such as changes in the level and mix of services utilized, regulatory changes, aging of the population, health status and other demographic characteristics of our members, epidemics, pandemics, advances in medical technology, new high-cost prescription drugs, including increased utilization of specialty pharmaceuticals, new indications of existing prescription drugs, provider contracting inflation, provider reimbursement levels, labor costs and healthcare fraud, waste and abuse.

Membership shifts from Medicaid into our Individual ACA (as defined below) business following the redetermination process that began in April 2023, together with lower membership effectuation rates, particularly in geographies with high concentrations of highly subsidized members, have driven a market-wide increase in morbidity, resulting in elevated medical cost trends. Medicaid cost trends remain elevated due to higher population acuity and increased utilization of services. In response, we are working on program improvements in partnership with the states, strengthening care and provider network management, optimizing our clinical strategy to improve effectiveness and enhancing payment integrity to manage costs. We expect the impact of these initiatives to build over time as implementation progresses and the initiatives mature.

*Pricing Trends:* We strive to price our health benefit products consistent with anticipated underlying medical cost trends. We frequently make adjustments to respond to legislative and regulatory changes as well as pricing and other actions taken by existing competitors and new market entrants. Revenues from the Medicare and Medicaid programs are dependent, in whole or in part, upon annual funding from the federal government and/or applicable state governments. Product pricing remains competitive. Pricing of the Medicare and Medicaid programs may not adequately reflect current underlying healthcare cost trends given the timing lag between when pricing is established and the start of the applicable contract, which could adversely affect our financial results.

If the approvals of any annual premium rate changes by contracted government agencies are delayed, we are required to defer the recognition of any premium rate increases to the period in which the premium rates become final. The impact of this deferral can be significant in the period in which the increased premium rates are first recognized depending on the magnitude of the premium rate increase, the number of members to which it applies and the length of the delay between the effective date of the rate increase and the final contract date. Premium rate decreases are recognized in the period the change in premium rate becomes effective and the change in the rate is known, which may be prior to the period in which the contract amendment affecting the rate is finalized.

*Affordable Care Act*: We continue to participate in the Individual state- or federally-facilitated marketplaces (the "Public Exchange") in nearly all of our Anthem Blue Cross and Anthem Blue Cross and Blue Shield service areas. In 2025, we expanded our operations into select service areas in Florida through our Simply Healthcare brand, and Maryland and Texas through our Wellpoint brand. In 2026, we expanded into Washington through our Wellpoint brand. Going forward, we expect the Public Exchange to be influenced by policy and regulatory changes, particularly around federal subsidies, compliance requirements, and market stability.

*CarelonRx:* CarelonRx markets and offers pharmacy services to our affiliated health plans nationwide and to unaffiliated customers. The pharmacy services market continues to evolve toward greater cost transparency and predictability. We support multiple contract structures, including rebate pass-through and fee-based arrangements, and are expanding offerings focused on net client cost. Rising drug spending and affordability pressures are also driving demand for coordinated medical and pharmacy management. These trends present opportunities to expand existing client relationships through our clinical programs, specialty pharmacy, and home-delivery capabilities.

CarelonRx delegates certain core pharmacy services to CaremarkPCS Health, L.L.C. ("CVS"), which is a subsidiary of CVS Health Corporation, pursuant to an agreement ("CVS Agreement"). CarelonRx has entered into a new five-year agreement with CVS that continues the CVS relationship under updated terms beginning January 1, 2027 through December 31, 2031, subject to certain early termination rights. In the event of a termination by CarelonRx or non-renewal by either party, CarelonRx can elect to have CVS provide transition services for a period of at least 18-months.

For additional discussion regarding business trends, see Part I, Item 1, "Business" included in our 2025 Annual Report on Form 10-K.

**Regulatory Trends and Uncertainties**

The federal budget reconciliation legislation, known as the One Big Beautiful Bill Act (the "OBBBA") was signed into law on July 4, 2025. The OBBBA includes provisions that could impact our business and operations including: requiring more frequent Medicaid reverifications for beneficiaries receiving coverage under a state's Medicaid expansion program implemented pursuant to the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, as amended (collectively, the "ACA"); and imposing work or community engagement requirements on certain adults in the ACA Medicaid expansion population. The OBBBA also makes changes to federal requirements regarding Medicaid state directed payments and provider taxes, including taxes on managed care organizations; delays implementation of Medicaid final regulations on certain eligibility and enrollment provisions; reduces the allowable home equity asset threshold for individuals seeking eligibility for long-term care under Medicaid; establishes a new Rural Health Transformation program; eliminates the repayment limit for excess advanced Premium Tax Credits ("PTCs") under the ACA; modifies the rules regarding Health Savings Account ("HSA") eligible plans under the ACA; and makes permanent an extension of the safe harbor first established under the Coronavirus Aid, Relief, and Economic Security Act, allowing pre-deductible coverage of telehealth services for HSA eligible high-deductible health plans; among other provisions.

Additional federal and state guidance is being issued to implement these OBBBA provisions. Implementation dates vary, with many provisions impacting commercial plans effective January 1, 2026, and many Medicaid-related provisions effective in 2027 and 2028. States may choose to implement certain Medicaid provisions as early as 2026.

In May 2026, the U.S. Department of Health and Human Services, Labor, and the Treasury (collectively, the "Tri-Agencies") issued final regulations updating the federal Independent Dispute Resolution ("IDR") process used to determine compensation to be paid by health plans to out-of-network providers in certain scenarios under the No Surprises Act. The regulations modify certain procedures and requirements governing the operation and administration of the IDR process. Additional regulatory guidance or rulemakings are possible, and changes resulting from any such guidance or rulemakings, as well as current and potential litigation, arbitration proceedings, and government audits related to the IDR and No Surprises Act, have had and could continue to have an adverse effect on our Commercial business, cash flows, results of operations and financial condition.

In February 2026, Congress passed the Consolidated Appropriations Act of 2026, which includes pharmacy benefit manager reforms requiring pharmacy benefit managers to remit all rebates, fees (other than bona fide service fees), and other remuneration received from entities such as manufacturers and group purchasing organizations to commercial plan sponsors, and to provide detailed commercial claims reporting, effective 30 months after enactment. The legislation also imposes extensive reporting requirements and delinks pharmacy benefit manager compensation in Medicare Part D by prohibiting pharmacy benefit managers from receiving remuneration related to Part D drugs in any form other than bona fide service fees that cannot be based on a drug's price, effective in 2028. There continues to be the potential that similar or additional legislation may be adopted at the state or federal level. These requirements, as well as any similar or additional legislative or regulatory changes, could have an adverse effect on our business, cash flows, results of operations and financial condition.

In addition, in June 2025, the Centers for Medicare and Medicaid Services ("CMS") finalized the Marketplace Integrity and Affordability Regulation, which modifies the open enrollment period for all Exchanges beginning in plan year 2027 and eligibility for PTCs, among other requirements. In August 2025, a federal court stayed certain provisions of the regulation, and in June 2026, vacated several provisions, a decision that is currently under appeal. In May 2026, CMS finalized the Notice of Benefit and Payment Parameters for 2027, effective July 2026, which establishes additional Public Exchange enrollment and eligibility requirements, among other changes. Certain provisions of the 2027 regulation were stayed by a federal court in July 2026 pending ongoing litigation.

In September 2024, the Tri-Agencies issued final regulations related to mental health parity that will require health plans to make administrative and operational changes to comply with these final regulations. While some provisions became effective on January 1, 2025, additional guidance from the Tri-Agencies is necessary to assess the full impact of these regulations on our operations and financial results. Litigation has been filed challenging the final regulations.

The Consolidated Appropriations Act of 2023 separated Medicaid eligibility redeterminations from the COVID-19 Public Health Emergency initially declared in January 2020. As a result, states were permitted to begin removing ineligible beneficiaries from their Medicaid programs starting April 1, 2023, and the majority of our Medicaid markets began doing so as of June 30, 2023. CMS required states to complete Medicaid eligibility redeterminations by December 31, 2025. Although the federally mandated Medicaid eligibility redetermination period has ended, states continue to conduct regular eligibility reverifications and the effects on Medicaid enrollment, member acuity, utilization and state rate-setting, as well as changes arising from the OBBBA, may continue to affect our business.

In addition, subsequent budget reconciliation legislation enacted during 2023 through 2025 included provisions affecting Medicaid eligibility enrollment and program financing, which may influence state Medicaid policies and beneficiary coverage dynamics over time.

The Inflation Reduction Act of 2022 ("IRA") includes several provisions that have impacted, and continue to impact, our business. These provisions include extending the American Rescue Plan Act of 2021's enhanced Advance Premium Tax Credits ("APTCs") through 2025; imposing a new corporate alternative minimum tax; establishing a one percent excise tax on repurchases of stock by issuers; authorizing CMS to negotiate prices on a limited set of Medicare prescription drugs beginning in 2026; instituting caps on insulin cost sharing in Medicare; redesigning the Medicare Part D benefit; requiring drug manufacturers to pay rebates if prices increase beyond inflation; and delaying the implementation of the Trump Administration Medicare drug rebate rule until at least 2032. From 2021 to 2025, Individual market enrollment grew significantly, driven in part by APTCs, which reduced Public Exchange coverage premiums for individuals who qualified. This, in combination with lower membership effectuation rates, particularly in geographies with high concentrations of highly subsidized members, have driven a market-wide increase in morbidity, resulting in elevated medical cost trends. The APTCs expired on December 31, 2025. As a result, the cost of Public Exchange coverage premiums has increased for those individuals previously receiving the APTCs, which has impacted our Individual market enrollment.

We also expect further and ongoing regulatory guidance on a number of issues related to Medicare, including evolving methodology for ratings and quality bonus payments. CMS also frequently proposes changes to its program that audits data submitted under the risk adjustment programs in ways that could increase financial recoveries from plans. For example, in May 2025, CMS announced plans to substantially increase the scale and pace of Risk Adjustment Data Validation ("RADV") audits of Medicare Advantage plans. CMS has initiated these RADV audit changes, and the outcome could adversely affect our financial condition and results of operations.

For additional discussion regarding regulatory trends and uncertainties, and risk factors that could cause actual results to differ materially from those contained in forward-looking statements, see Part I, Item 1, "Business – Regulation," Part I, Item 1A, "Risk Factors" and the "Regulatory Trends and Uncertainties" section of Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our 2025 Annual Report on Form 10-K.

**Other Significant Items**

**Business and Operational Matters**

In the first quarter of 2026, based on a strategic review of our operations, assets and investments, management initiated the 2026 - 2027 Operating Model Transformation Program (the "Transformation Program") to streamline decision-making, simplify organizational structures, and enhance the use of advanced technologies, including artificial intelligence, across the enterprise. The Transformation Program includes initiatives to reduce organizational layers, realign roles and responsibilities, and design workflows to support more efficient, technology-enabled operations. These actions also include the modernization of certain information technology platforms, targeted workforce reductions and role realignments. Actions to be taken under the Transformation Program were ongoing as of September 30, 2026.

Pursuant to CMS' Medicare Advantage Star Ratings system, CMS annually awards between 1.0 and 5.0 Stars to Medicare Advantage plans based on performance in several categories. Plans must have a Star Rating of 4.0 or higher to qualify for bonus payments. Our 2026 Star Ratings, which are used for payment year 2027, reflect that approximately 55% of our Medicare Advantage members were enrolled in plans rated at least 4.0 Stars or higher at the time of the rating. CMS released our 2027 Star Ratings in October 2026, which will be used to determine our Medicare Advantage payments in 2028. Our 2027 Star Ratings reflect that approximately 49% of our current Medicare Advantage members are enrolled in plans that will be rated at least 4.0 Stars or higher. Membership changes during the Medicare Advantage enrollment periods may cause this number to fluctuate.

**CMS Notice**

In connection with the notice that the Company received in February 2026 from CMS regarding certain Medicare Advantage risk adjustment data submission requirements related to diagnosis codes for dates of service 2015 through April 2023, CMS provided a series of steps required to be completed by July 31, 2026 in order to avoid sanctions being imposed on the Company. On July 13, 2026, the Company received a letter from CMS stating that the Company has completed all required steps, sanctions will not be imposed and the enforcement process for this matter has been closed.

**Litigation Matters**

We have been a defendant in multiple lawsuits that were initially filed in 2012 against the BCBSA and Blue Cross and/or Blue Shield licensees (the "Blue plans") across the country. These cases have been consolidated into a single, multi-district proceeding captioned *In re Blue Cross Blue Shield Antitrust Litigation* ("BCBSA Litigation") that is pending before the U.S. District Court for the Northern District of Alabama (the "Court"). Generally, the lawsuits in the BCBSA Litigation challenge elements of the licensing agreements between the BCBSA and the independently owned and operated Blue plans along with other arrangements in violation of the Sherman Antitrust Act and related state laws. The cases were brought by two nationwide classes of plaintiffs, health plan subscribers and providers.

The BCBSA and Blue plans approved and entered into a settlement agreement and release with the subscriber plaintiffs (the "Subscriber Settlement Agreement") and a separate settlement agreement and release with the provider plaintiffs (the "Provider Settlement Agreement"), which settlement agreements received final approval from the Court in September 2022 and August 2025, respectively.

A number of follow-on cases involving entities that opted out of the Subscriber Settlement Agreement have been filed. Additionally, follow-on cases involving the entities that opted out of the Provider Settlement Agreement have been filed and centralized in the BCBSA Litigation multi-district proceeding.

For additional information regarding the BCBSA Litigation, see Note 10, "Commitments and Contingencies – *Litigation and Regulatory Proceedings – Blue Cross Blue Shield Antitrust Litigation*," of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

**Selected Operating Performance**

From September 30, 2025 to September 30, 2026, total medical membership declined by 1.1%. This was driven by attrition in Medicaid membership, primarily as a result of eligibility redeterminations, and decreases in our Medicare Advantage, Commercial Risk-Based and FEP® businesses. These decreases were partially offset by an increase in our Commercial Fee-Based business.

Operating revenue for the three months ended September 30, 2026 was $50,440, an increase of $353, or 0.7%, from the three months ended September 30, 2025. Operating revenue for the nine months ended September 30, 2026 was $149,760, an increase of $1,487, or 1.0%, from the nine months ended September 30, 2025. The increases for the three and nine months ended September 30, 2026 were primarily the result of premium rate increases in our Health Benefits segment in recognition of medical cost trends and growth in CarelonRx product revenues, partially offset by lower Medicare Advantage, Medicaid, and Employer Group Risk-Based membership.

Shareholders' net income for the three months ended September 30, 2026 was $1,365, an increase of $176, or 14.8%, from the three months ended September 30, 2025. Shareholders' net income for the nine months ended September 30, 2026

was $4,592, a decrease of $523, or 10.2%, from the nine months ended September 30, 2025. The increase in shareholders' net income for the three months ended September 30, 2026 was primarily due to increased investment income and lower amortization of other intangible assets. The increase was partially offset by an increase in income tax expense. The decrease in shareholders' net income for the nine months ended September 30, 2026 was primarily due to the loss contingency accrual for our best estimate of the identified potential exposure for the resubmission of certain historical Medicare Advantage risk adjustment data within our Corporate & Other segment and a decrease in operating gain in our Health Benefits segment. The decrease was partially offset by an increase in investment income and a decrease in net losses on financial instruments.

Our fully-diluted shareholders' earnings per share ("EPS") was $6.27 for the three months ended September 30, 2026, which represented a 17.9% increase from EPS of $5.32 for the three months ended September 30, 2025. Our EPS was $21.01 for the nine months ended September 30, 2026, which represented a 7.3% decrease from EPS of $22.67 for the nine months ended September 30, 2025. The increase in EPS for the three months ended September 30, 2026 resulted primarily from increased shareholders' net income and the impact of fewer diluted shares outstanding. The decrease in EPS for the nine months ended September 30, 2026 resulted primarily from decreased shareholders' net income, partially offset by the impact of fewer diluted shares outstanding.

Operating cash flow for the nine months ended September 30, 2026 and 2025 was $7,512 and $4,206, respectively. The increase in net cash provided by operating activities was primarily due to favorable working capital impacts, partially offset by lower shareholders' net income for the nine months ended September 30, 2026.

**Membership and Other Metrics**

The following table presents our medical membership by customer type as of September 30, 2026 and 2025. Also included below is other membership by product and other metrics. The membership data and other metrics presented are unaudited and in certain instances include estimates of the number of members represented by each contract at the end of the period. The CarelonRx Quarterly Adjusted Scripts metric represents adjusted script volume based on the number of days a prescription covers. On an adjusted basis, one 90-day script counts the same as three 30-day scripts. The Carelon Services Consumers Served metric represents the number of consumers receiving one or more healthcare-related services from Carelon Services who are members of our affiliated health plans as well as those who are members of non-affiliated health plans. For a more detailed description of our medical membership, see the "Membership" section of Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our 2025 Annual Report on Form 10-K.

| | September 30 | | | |
|---|---|---|---|---|
| | 2026 | 2025 | Change | % Change |
| **Medical Membership *(in thousands)*** | | | | |
| Individual | 1,348 | 1,354 | (6) | (0.4)% |
| Employer Group Risk-Based | 3,366 | 3,616 | (250) | (6.9)% |
| **Commercial Risk-Based** | 4,714 | 4,970 | (256) | (5.2)% |
| BlueCard® | 6,596 | 6,394 | 202 | 3.2 % |
| Employer Group Fee-Based | 21,009 | 20,608 | 401 | 1.9 % |
| **Commercial Fee-Based** | 27,605 | 27,002 | 603 | 2.2 % |
| Medicare Advantage | 1,898 | 2,245 | (347) | (15.5)% |
| Medicare Supplement | 898 | 877 | 21 | 2.4 % |
| **Total Medicare** | 2,796 | 3,122 | (326) | (10.4)% |
| **Medicaid** | 8,220 | 8,645 | (425) | (4.9)% |
| **Federal Employee Program®** | 1,547 | 1,630 | (83) | (5.1)% |
| **Total Medical Membership** | 44,882 | 45,369 | (487) | (1.1)% |
| | | | | |
| **Other Membership *(in thousands)*** | | | | |
| Dental Members | 7,445 | 7,364 | 81 | 1.1 % |
| Dental Administration Members | 1,932 | 1,957 | (25) | (1.3)% |
| Vision Members | 11,895 | 10,842 | 1,053 | 9.7 % |
| Medicare Part D Standalone Members | 79 | 217 | (138) | (63.6)% |
| | | | | |
| **Other Metrics *(in millions)*** | | | | |
| CarelonRx Quarterly Adjusted Scripts | 82.6 | 85.0 | (2.4) | (2.8)% |
| Carelon Services Consumers Served | 91.0 | 97.6 | (6.6) | (6.8)% |

**Medical Membership**

The decrease in medical membership was primarily driven by attrition in Medicaid membership, primarily as a result of eligibility redeterminations, and decreases in our Medicare Advantage, Commercial Risk-Based and FEP® businesses. These decreases were partially offset by an increase in our Commercial Fee-Based business.

**Other Membership**

Our other membership has the potential to be impacted by changes in our medical membership, as our medical members often purchase our other products that are ancillary to our health business. Dental membership increased primarily due to favorable sales in our Employer Group business. Dental Administration membership decreased primarily due to unfavorable in-group change within other BCBSA plans. Vision membership increased primarily due to higher sales in our Medicaid, Employer Group and Individual health plans, partially offset by lower sales in our Medicare business.

## Consolidated Results of Operations

Our consolidated summarized results of operations and other financial information for the three and nine months ended September 30, 2026 and 2025 are as follows:

| | Three Months Ended September 30 | | Nine Months Ended September 30 | | Change | | | |
|---|---|---|---|---|---|---|---|---|
| | | | | | Three Months Ended September 30 | | Nine Months Ended September 30 | |
| | | | | | 2026 vs. 2025 | | 2026 vs. 2025 | |
| | 2026 | 2025 | 2026 | 2025 | $ | % | $ | % |
| Total operating revenue | $50,440 | $50,087 | $149,760 | $148,273 | $ 353 | 0.7 % | $ 1,487 | 1.0 % |
| Net investment income | 1,037 | 625 | 2,506 | 1,701 | 412 | 65.9 % | 805 | 47.3 % |
| Net losses on financial instruments | (48) | (1) | (182) | (596) | (47) | 4,700.0 % | 414 | 69.5 % |
| **Total revenues** | 51,429 | 50,711 | 152,084 | 149,378 | 718 | 1.4 % | 2,706 | 1.8 % |
| Benefit expense | 37,779 | 38,140 | 110,418 | 110,158 | (361) | (0.9)% | 260 | 0.2 % |
| Cost of products sold | 5,640 | 5,380 | 16,595 | 15,656 | 260 | 4.8 % | 939 | 6.0 % |
| Operating expense | 5,752 | 5,272 | 17,629 | 15,569 | 480 | 9.1 % | 2,060 | 13.2 % |
| Other expense[1] | 464 | 513 | 1,407 | 1,500 | (49) | (9.6)% | (93) | (6.2)% |
| **Total expenses** | 49,635 | 49,305 | 146,049 | 142,883 | 330 | 0.7 % | 3,166 | 2.2 % |
| **Income before income tax expense** | 1,794 | 1,406 | 6,035 | 6,495 | 388 | 27.6 % | (460) | (7.1)% |
| Income tax expense | 451 | 219 | 1,478 | 1,380 | 232 | 105.9 % | 98 | 7.1 % |
| **Net income** | 1,343 | 1,187 | 4,557 | 5,115 | 156 | 13.1 % | (558) | (10.9)% |
| **Net loss attributable to noncontrolling interests** | 22 | 2 | 35 | — | 20 | NM | 35 | NM |
| **Shareholders' net income** | $ 1,365 | $ 1,189 | $ 4,592 | $ 5,115 | $ 176 | 14.8 % | $ (523) | (10.2)% |
| Average diluted shares outstanding | 217.6 | 223.7 | 218.6 | 225.6 | (6.1) | (2.7)% | (7.0) | (3.1)% |
| Diluted shareholders' earnings per share | $ 6.27 | $ 5.32 | $21.01 | $ 22.67 | $ 0.95 | 17.9 % | $ (1.66) | (7.3)% |
| Effective tax rate | 25.1 % | 15.6 % | 24.5 % | 21.2 % | | 950 bp[3] | | 330 bp[3] |
| Benefit expense ratio[2] | 90.6 % | 91.3 % | 89.0 % | 88.9 % | | (70) bp[3] | | 10 bp[3] |
| Operating expense ratio[4] | 11.4 % | 10.5 % | 11.8 % | 10.5 % | | 90 bp[3] | | 130 bp[3] |
| Income before income tax expense as a percentage of total revenues | 3.5 % | 2.8 % | 4.0 % | 4.3 % | | 70 bp[3] | | (30) bp[3] |
| Shareholders' net income as a percentage of total revenues | 2.6 % | 2.3 % | 3.0 % | 3.4 % | | 30 bp[3] | | (40) bp[3] |

Certain of the following definitions are also applicable to all other results of operations tables in this discussion:

NM Not meaningful.

1 Includes interest expense and amortization of other intangible assets.

2 Benefit expense ratio represents benefit expense as a percentage of premium revenue. Premiums for the three months ended September 30, 2026 and 2025 were $41,704 and $41,791, respectively. Premiums for the nine months ended September 30, 2026 and 2025 were $124,007 and $123,949, respectively.

3 bp = basis point; one hundred basis points = 1%.

4 Operating expense ratio represents operating expense as a percentage of total operating revenue.

### *Three Months Ended September 30, 2026 Compared to the Three Months Ended September 30, 2025*

Total operating revenue increased primarily as a result of premium rate increases in our Health Benefits segment in recognition of medical cost trends and growth in CarelonRx product revenues, partially offset by lower Medicare Advantage, Medicaid, and Employer Group Risk-Based membership.

Net investment income increased primarily due to higher income from alternative investments.

Net losses on financial instruments increased due to higher realized losses on sales of financial instruments, partially offset by changes in other invested asset balances.

Benefit expense decreased primarily due to decreased Carelon Services benefit expense related to the partial termination and modification of a care delivery services contract with an unaffiliated customer. This decrease was partially offset by higher medical costs across most lines of business within our Health Benefits segment.

Our benefit expense ratio decreased primarily as a result of improved performance in our Medicare business.

Cost of products sold reflects the cost of pharmaceuticals dispensed by CarelonRx for our unaffiliated pharmacy customers. Cost of products sold increased as a result of a higher cost per prescription in 2026, reflecting pricing impacts and product mix, despite lower adjusted prescription volumes.

Operating expense increased primarily due to increases in targeted investments to accelerate technology adoption, an increase in premium tax expenses and assessments and an increase in expenses to address regulatory matters.

Our operating expense ratio increased primarily due to increases in targeted investments to accelerate technology adoption, an increase in premium tax expenses and assessments and an increase in expenses to address regulatory matters.

Other expense decreased primarily due to a decrease in amortization of other intangible assets due to assets being amortized under an accelerated depreciation method, which results in higher expense recognition in earlier periods and progressively lower amortization in later periods, partially offset by an increase in interest expense.

Our effective tax rate increased primarily due to investment tax credits purchased and recognized in the prior-year quarter, with less tax credits purchased in the current-year quarter.

Our shareholders' net income as a percentage of total revenues increased in the three months ended September 30, 2026 as compared to the three months ended September 30, 2025 as a result of all factors discussed above.

***Nine Months Ended September 30, 2026 Compared to the Nine Months Ended September 30, 2025***

Total operating revenue increased primarily as a result of premium rate increases in our Health Benefits segment in recognition of medical cost trends and growth in CarelonRx product revenues, partially offset by membership attrition.

Net investment income increased primarily due to higher income from alternative investments.

Net losses on financial instruments decreased due to changes in other invested asset balances and lower realized losses on sales of financial instruments.

Benefit expense increased primarily due to higher medical costs across most lines of business within our Health Benefits segment. These increases were partially offset by decreases in Carelon Services benefit expense related to the partial termination and modification of a care delivery services contract with an unaffiliated customer.

Our benefit expense ratio increased primarily due to elevated medical cost trend in our Medicaid business, partially offset by improved performance in our Individual ACA and Medicare programs and decreases in Carelon Services benefit expense related to the partial termination and modification of a care delivery services contract with an unaffiliated customer.

Cost of products sold reflects the cost of pharmaceuticals dispensed by CarelonRx for our unaffiliated pharmacy customers. Cost of products sold increased as a result of a higher cost per prescription in 2026, reflecting pricing impacts and product mix, despite lower adjusted prescription volumes.

Operating expense increased primarily due to the loss contingency accrual for our best estimate of the identified potential exposure for the resubmission of certain historical Medicare Advantage risk adjustment data, increases in targeted investments to support and strengthen our workforce and accelerate technology adoption and increases related to the Transformation Program.

Our operating expense ratio increased primarily due to the loss contingency accrual for our best estimate of the identified potential exposure for the resubmission of certain historical Medicare Advantage risk adjustment data, increases in targeted investments to support and strengthen our workforce and accelerate technology adoption and increases related to the Transformation Program.

Other expense decreased primarily due to a decrease in amortization of other intangible assets due to assets being amortized under an accelerated depreciation method, which results in higher expense recognition in earlier periods and progressively lower amortization in later periods, partially offset by an increase in interest expense.

Our effective tax rate increased primarily due to the net increase in reserves for uncertain tax positions.

Our shareholders' net income as a percentage of total revenues decreased in the nine months ended September 30, 2026 as compared to nine months ended September 30, 2025 as a result of all factors discussed above.

**Reportable Segments Results of Operations**

Our results of operations discussed throughout this MD&A are determined in accordance with U.S. generally accepted accounting principles ("GAAP"). We also calculate operating gain and operating margin to further aid investors in understanding and analyzing our core operating results and comparing them among periods. We define operating revenue as premium income, product revenue and service fees. Operating gain is calculated as total operating revenue less benefit expense, cost of products sold and operating expense. It does not include net investment income, net losses on financial instruments, loss/gain on sale of business, interest expense, amortization of other intangible assets or income taxes, as these items are managed in our corporate shared service environment and are not the responsibility of operating segment management. Operating margin is calculated as operating gain divided by operating revenue. We use these measures as a basis for evaluating segment performance, allocating resources, forecasting future operating periods and setting incentive compensation targets. This information is not intended to be considered in isolation or as a substitute for income before income tax expense, shareholders' net income or EPS prepared in accordance with GAAP, and may not be comparable to similarly titled measures reported by other companies. For a reconciliation of reportable segments' operating revenue to the amounts of total revenue included in the consolidated statements of income and a reconciliation of income before income tax expense to reportable segments' operating gain, see Note 13, "Segment Information," of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

We report our results of operations in the following four reportable segments: Health Benefits, CarelonRx, Carelon Services and Corporate & Other (our businesses that do not individually meet the quantitative thresholds for an operating segment, as well as corporate expenses not allocated to our other reportable segments). For additional information, see Note 13, "Segment Information," of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

The following table presents a summary of the reportable segment financial information for the three and nine months ended September 30, 2026 and 2025:

| | Three Months Ended September 30 | | Nine Months Ended September 30 | | Three Months Ended September 30 2026 vs. 2025 Change | | Nine Months Ended September 30 2026 vs. 2025 Change | |
|---|---|---|---|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 | $ | % | $ | % |
| **Operating Revenue** | | | | | | | | |
| Health Benefits | $43,357 | $42,246 | $128,567 | $125,259 | $ 1,111 | 2.6 % | $ 3,308 | 2.6 % |
| CarelonRx | 11,599 | 10,997 | 33,449 | 31,756 | 602 | 5.5 % | 1,693 | 5.3 % |
| Carelon Services | 7,708 | 7,324 | 23,048 | 21,301 | 384 | 5.2 % | 1,747 | 8.2 % |
| Corporate & Other | 6 | 149 | 16 | 546 | (143) | (96.0)% | (530) | (97.1)% |
| Eliminations | (12,230) | (10,629) | (35,320) | (30,589) | (1,601) | 15.1 % | (4,731) | 15.5 % |
| Total operating revenue | $50,440 | $50,087 | $149,760 | $148,273 | $ 353 | 0.7 % | $ 1,487 | 1.0 % |
| **Operating Gain (Loss)** | | | | | | | | |
| Health Benefits | $ 436 | $ 601 | $ 3,489 | $ 4,378 | $ (165) | (27.5)% | $ (889) | (20.3)% |
| CarelonRx | 616 | 556 | 1,780 | 1,694 | 60 | 10.8 % | 86 | 5.1 % |
| Carelon Services | 292 | 219 | 1,128 | 1,110 | 73 | 33.3 % | 18 | 1.6 % |
| Corporate & Other | (75) | (81) | (1,279) | (292) | 6 | (7.4)% | (987) | 338.0 % |
| Total operating gain | $ 1,269 | $ 1,295 | $ 5,118 | $ 6,890 | $ (26) | (2.0)% | $ (1,772) | (25.7)% |
| **Operating Margin** | | | | | | | | |
| Health Benefits | 1.0 % | 1.4 % | 2.7 % | 3.5 % | | (40) bp | | (80) bp |
| CarelonRx | 5.3 % | 5.1 % | 5.3 % | 5.3 % | | 20 bp | | 0 bp |
| Carelon Services | 3.8 % | 3.0 % | 4.9 % | 5.2 % | | 80 bp | | (30) bp |
| Total operating margin | 2.5 % | 2.6 % | 3.4 % | 4.6 % | | (10) bp | | (120) bp |

bp = basis point; one hundred basis points = 1%.

The following table summarizes the operating revenues for our Commercial, Medicare, Medicaid and FEP® lines of business within our Health Benefits segment for the three and nine months ended September 30, 2026 and 2025:

| | Three Months Ended September 30 | | Nine Months Ended September 30 | | Three Months Ended September 30 2026 vs. 2025 Change | | Nine Months Ended September 30 2026 vs. 2025 Change | |
|---|---|---|---|---|---|---|---|---|
| | 2026 | 2025 | 2026 | 2025 | $ | % | $ | % |
| **Health Benefits Operating Revenue** | | | | | | | | |
| Commercial [1] | $13,343 | $12,849 | $40,142 | $37,654 | $ 494 | 3.8 % | $ 2,488 | 6.6 % |
| Medicare | 11,229 | 11,138 | 33,182 | 33,990 | 91 | 0.8 % | (808) | (2.4)% |
| Medicaid | 14,979 | 14,166 | 43,703 | 42,120 | 813 | 5.7 % | 1,583 | 3.8 % |
| FEP® | 3,806 | 4,093 | 11,540 | 11,495 | (287) | (7.0)% | 45 | 0.4 % |
| Total Health Benefits operating revenue | $43,357 | $42,246 | $128,567 | $125,259 | $ 1,111 | 2.6 % | $ 3,308 | 2.6 % |

[1] *Operating revenue within our Commercial line of business related to our Individual ACA plans was $2,514 and $2,358 for the three months ended September 30, 2026 and 2025, respectively. Operating revenue within our Commercial line of business related to our Individual ACA plans was $7,774 and $7,047 for the nine months ended September 30, 2026 and 2025, respectively.*

*Three Months Ended September 30, 2026 Compared to the Three Months Ended September 30, 2025*

**Health Benefits**

Operating revenue increased primarily as a result of higher premium yields driven by premium increases in all of our lines of business, partially offset by deliberate repositioning in our Medicare Advantage business and Medicaid membership attrition.

Operating gain decreased primarily as a result of higher overall medical costs and increases in operating expenses, primarily due to targeted investments to accelerate technology adoption, partially offset by higher operating revenue.

**CarelonRx**

Operating revenue increased primarily due to higher average revenue per prescription, partially offset by a negative change in product mix and lower prescription volumes.

Operating gain increased primarily due to improved specialty pharmacy profitability.

**Carelon Services**

Operating revenue increased primarily due to the continued expansion of risk-based capabilities in our specialty care solutions and behavioral health services. These increases were partially offset by decreases related to the partial termination and modification of a care delivery services contract with an unaffiliated customer.

The increase in operating gain was primarily driven by improved performance and expansion in our specialty care and home-based care services. These increases were partially offset by less favorable results on certain contracts within our behavioral health services.

**Corporate & Other**

Operating revenue decreased primarily due to lower affiliate revenues.

Operating loss decreased primarily due to a decrease in unallocated corporate expenses.

*Nine Months Ended September 30, 2026 Compared to the Nine Months Ended September 30, 2025*

**Health Benefits**

Operating revenue increased primarily as a result of higher premium yields driven by premium increases in all of our lines of business, partially offset by deliberate repositioning in our Medicare Advantage business and Medicaid membership attrition.

Operating gain decreased primarily due to higher overall medical costs and increases in operating expenses primarily due to targeted investments to support and strengthen our workforce and accelerate technology adoption, partially offset by higher operating revenue.

**CarelonRx**

Operating revenue increased primarily due to higher average revenue per prescription, partially offset by a change in product mix and lower prescription volumes.

The increase in operating gain was primarily driven by improved specialty pharmacy profitability and lower operating expenses, partially offset by normal timing variations in recognition of performance-related adjustments.

**Carelon Services**

Operating revenue increased primarily due to the continued expansion of risk-based capabilities in our specialty care solutions and behavioral health services. These increases were partially offset by decreases related to the partial termination and modification of a care delivery services contract with an unaffiliated customer.

The increase in operating gain was primarily driven by the continued expansion and improved performance within our specialty care and home-based care services. The increase was partially offset by less favorable results on certain contracts and lower health plan membership within our post-acute solutions services.

**Corporate & Other**

Operating revenue decreased primarily due to lower affiliate revenues.

Operating loss increased primarily due to increased unallocated corporate expenses, primarily associated with the loss contingency accrual for our best estimate of the identified potential exposure for the resubmission of certain historical Medicare Advantage risk adjustment data and the Transformation Program.

**Critical Accounting Policies and Estimates**

We prepare our consolidated financial statements in conformity with GAAP. Application of GAAP requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes and within this MD&A. We consider our most important accounting policies that require significant estimates and management judgment to be those policies with respect to liabilities for medical claims payable, goodwill and other intangible assets and investments. Our accounting policies related to these items are discussed in our 2025 Annual Report on Form 10-K in Note 2, "Basis of Presentation and Significant Accounting Policies," to our audited consolidated financial statements as of and for the year ended December 31, 2025, as well as in the "Critical Accounting Policies and Estimates" section of Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations." As of September 30, 2026, our critical accounting policies and estimates have not changed from those described in our 2025 Annual Report on Form 10-K.

We continually evaluate the accounting policies and estimates used to prepare the consolidated financial statements. In general, our estimates are based on historical experience, evaluation of current trends, information from third-party professionals and various other assumptions that we believe to be reasonable under the known facts and circumstances. Estimates can require a significant amount of judgment, and a different set of assumptions could result in material changes to our reported results.

***Medical Claims Payable***

The most subjective accounting estimate in our consolidated financial statements is our liability for medical claims payable. Our accounting policies related to medical claims payable are discussed in the references cited above. As of September 30, 2026, our critical accounting policies and estimates related to medical claims payable have not changed from those described in our 2025 Annual Report on Form 10-K. For a reconciliation of the beginning and ending balance for medical claims payable for the nine months ended September 30, 2026 and 2025, see Note 8, "Medical Claims Payable," of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

The following table provides a summary of the two key assumptions having the most significant impact on our incurred but not paid liability estimates for the nine months ended September 30, 2026 and 2025, which are the trend and completion factors. These two key assumptions can be influenced by utilization levels, unit costs, mix of business, benefit plan designs, provider reimbursement levels, processing system conversions and changes, claim inventory levels, claim processing patterns, claim submission patterns and operational changes resulting from business combinations.

| | Favorable Developments by Changes in Key Assumptions | |
|---|---|---|
| | Nine Months Ended September 30 | |
| | 2026 | 2025 |
| Assumed trend factors | $ 643 | $ 1,035 |
| Assumed completion factors | 652 | 231 |
| Total | $ 1,295 | $ 1,266 |

The favorable development recognized in the nine months ended September 30, 2026 resulted from faster than expected development of completion factors from the latter part of 2025 as well as from trend factors in late 2025 developing more favorably than originally expected. The favorable development recognized in the nine months ended September 30, 2025 resulted from trend factors in late 2024 developing more favorably than originally expected as well as a smaller contribution from faster than expected development of completion factors from the latter part of 2024.

The ratio of current year medical claims paid as a percent of current year net medical claims incurred was 85.1% and 86.3% for the nine months ended September 30, 2026 and 2025, respectively. This ratio serves as an indicator of claims processing speed whereby speed for claims payments was slightly slower during the nine months ended September 30, 2026 as compared to the nine months ended September 30, 2025.

We calculate the percentage of prior year redundancies in the current period as a percent of prior year net medical claims payable less prior year redundancies in the current period in order to demonstrate the development of prior year reserves. For the nine months ended September 30, 2026, this metric was 8.4%, which was mainly driven by both favorable trend factor development at the end of 2025 as well as favorable completion factor development from 2025. For the nine months ended September 30, 2025, this metric was 8.9%, which was mainly driven by favorable trend factor development at the end of 2024, with favorable completion factor development from 2024 also contributing.

We calculate the percentage of prior year redundancies in the current period as a percent of prior year net incurred medical claims to indicate the percentage of redundancy included in the preceding year calculation of current year net incurred medical claims. We believe this calculation supports the reasonableness of our prior year estimate of incurred medical claims and the consistency in our methodology. For the nine months ended September 30, 2026, this metric was 0.9%, which was calculated using the redundancy of $1,295. For the nine months ended September 30, 2025, the comparable metric was 1.0%, which was calculated using the redundancy of $1,266. We believe these metrics demonstrate an appropriate and consistent level of reserve conservatism.

**Liquidity and Capital Resources**

***Sources and Uses of Capital***

Our cash receipts result primarily from premiums, product revenue, service fees, investment income, proceeds from the sale or maturity of our investment securities, proceeds from borrowings and proceeds from the issuance of common stock under our employee stock plans. Cash disbursements result mainly from claims payments, operating expenses, taxes, purchases of investment securities, interest expense, payments on borrowings, acquisitions, capital expenditures, repurchases of our debt securities and common stock and the payment of cash dividends. Cash outflows fluctuate with the amount and timing of settlement of these transactions. Any future decline in our profitability would likely have an unfavorable impact on our liquidity.

For a more detailed overview of our liquidity and capital resources management, see the "*Introduction*" section included in the "Liquidity and Capital Resources" section of Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our 2025 Annual Report on Form 10-K.

For additional information regarding our sources and uses of capital during the three and nine months ended September 30, 2026, see Note 4, "Investments," Note 5, "Derivative Financial Instruments," Note 9, "Debt," and Note 11, "Capital Stock – *Use of Capital – Dividends and Stock Repurchase Program,*" of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

***Liquidity***

A summary of our major sources and uses of cash and cash equivalents for the nine months ended September 30, 2026 and 2025 is as follows:

| | Nine Months Ended September 30 | | |
|---|---|---|---|
| | 2026 | 2025 | Change |
| **Sources of Cash:** | | | |
| Net cash provided by operating activities | $ 7,512 | $ 4,206 | $ 3,306 |
| Purchases of subsidiaries, net of cash acquired | 2 | 55 | (53) |
| Issuances of short- and long-term debt, net of repayments | — | 659 | (659) |
| Proceeds from issuance of common stock under employee stock plans | 88 | 21 | 67 |
| Changes in bank overdrafts | 100 | 77 | 23 |
| Total sources of cash | 7,702 | 5,018 | 2,684 |
| **Uses of Cash:** | | | |
| Purchases of investments, net of proceeds from sales, maturities, calls and redemptions | (2,303) | (412) | (1,891) |
| Repurchase and retirement of common stock | (1,688) | (2,134) | 446 |
| Purchases of property and equipment | (789) | (823) | 34 |
| Repayments of short- and long-term debt, net of issuances | (900) | — | (900) |
| Cash dividends | (1,122) | (1,152) | 30 |
| Other uses of cash, net | (29) | (73) | 44 |
| Total uses of cash | (6,831) | (4,594) | (2,237) |
| Effect of foreign exchange rates on cash and cash equivalents | (14) | 1 | (15) |
| Net increase in cash and cash equivalents | $ 857 | $ 425 | $ 432 |

The increase in net cash provided by operating activities was primarily due to favorable net working capital impacts, partially offset by lower shareholders' net income.

Other significant changes in cash year-over-year included (a) decreased repurchases and retirements of common stock and increased proceeds from issuance of common stock under employee stock plans, and (b) increased purchases of investments, net of proceeds from sales, maturities, calls and redemptions, and increased repayments of short- and long-term debt, net of issuances.

We maintained a strong financial condition and liquidity position, with consolidated cash, cash equivalents and investments in fixed maturity and equity securities of $39,057 at September 30, 2026. Since December 31, 2025, total cash, cash equivalents and investments in fixed maturity and equity securities increased by $1,821, primarily due to increased cash generated from operations and an increase in investment balances in equity securities. This increase was partially offset by cash used for the repurchase and retirement of common stock, cash dividends, repayments of short- and long-term debt, net of issuances, and purchases of property and equipment.

Many of our subsidiaries are subject to various government regulations that restrict the timing and amount of dividends and other distributions that may be paid to their respective parent companies. Certain accounting practices prescribed by insurance regulatory authorities, or statutory accounting practices, differ from GAAP. Changes that occur in statutory accounting practices, if any, could impact our subsidiaries' future dividend capacity. In addition, we have agreed to certain undertakings to regulatory authorities, including the requirement to maintain certain capital levels in certain of our subsidiaries.

At September 30, 2026, we held $2,416 of cash, cash equivalents and investments at the parent company, which are available for general corporate use, including investment in our businesses, acquisitions, potential future common stock repurchases and dividends to shareholders, repurchases of debt securities and debt and interest payments.

Periodically, we access capital markets and issue debt ("Notes") for long-term borrowing purposes, for example, to refinance debt, to finance acquisitions or for share repurchases. Certain of these Notes may have a call feature that allows us to redeem the Notes at any time at our option and/or a put feature that allows a Note holder to redeem the Notes upon the occurrence of both a change in control event and a downgrade of the Notes below an investment grade rating. For more information on our debt, including redemptions and issuances, see Note 9, "Debt," of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

We calculate our consolidated debt-to-capital ratio, a non-GAAP measure, from the amounts presented on our consolidated balance sheets included in Part I, Item 1 of this Quarterly Report on Form 10-Q. Our debt-to-capital ratio is calculated as total debt divided by total debt plus total equity. Total debt is the sum of short-term borrowings, current portion of long-term debt and long-term debt, less current portion. We believe our debt-to-capital ratio assists investors and rating agencies in measuring our overall leverage and additional borrowing capacity. In addition, our bank covenants include a maximum debt-to-capital ratio that we cannot and did not exceed. Our debt-to-capital ratio may not be comparable to similarly titled measures reported by other companies. Our consolidated debt-to-capital ratio was 40.7% and 42.1% as of September 30, 2026 and December 31, 2025, respectively.

Our senior debt is rated "A-" by S&P Global Ratings, "BBB+" by Fitch Ratings, Inc., "Baa2" by Moody's Investor Service, Inc. and "bbb+" by AM Best Company, Inc. We intend to maintain our senior debt investment grade ratings. If our credit ratings are downgraded, our business, liquidity, financial condition and results of operations could be adversely impacted by limitations on future borrowings and a potential increase in our borrowing costs.

***Capital Resources***

We have a shelf registration statement on file with the U.S. Securities and Exchange Commission to register an unlimited amount of any combination of debt or equity securities in one or more offerings. Specific information regarding terms and securities being offered will be provided at the time of an offering. Proceeds from future offerings are expected to be used for general corporate purposes, including, but not limited to, the repayment of debt, investments in or extensions of credit to our subsidiaries, the financing of possible acquisitions or business expansions.

We have a senior revolving credit facility (the "5-Year Facility") with a group of lenders for general corporate purposes. The 5-Year Facility provides credit of up to $5,000 and matures in September 2030. Our ability to borrow under the 5-Year Facility is subject to compliance with certain covenants, including covenants requiring us to maintain a defined debt-to-capital ratio of not more than 60%, subject to increase in certain circumstances set forth in the credit agreement for the 5-Year Facility. As of September 30, 2026, our debt-to-capital ratio, as defined and calculated under the 5-Year Facility, was 40.7%. We do not believe the restrictions contained in our 5-Year Facility covenants materially affect our financial or operating flexibility. As of September 30, 2026, we were in compliance with all of our debt covenants under the 5-Year Facility.

We have an authorized commercial paper program of up to $5,000, the proceeds of which may be used for general corporate purposes. Should commercial paper issuance become unavailable, we have the ability to use a combination of cash on hand and/or our 5-Year Facility to redeem any outstanding commercial paper upon maturity. We had $0 of outstanding commercial paper as of both September 30, 2026 and December 31, 2025.

We are a member, through certain subsidiaries, of the Federal Home Loan Bank of Indianapolis, the Federal Home Loan Bank of Cincinnati, the Federal Home Loan Bank of Atlanta and the Federal Home Loan Bank of New York (collectively, the "FHLBs"). As a member, we have the ability to obtain short-term cash advances, subject to certain minimum collateral requirements. We had $0 and $150 of outstanding short-term borrowings from the FHLBs as of September 30, 2026 and December 31, 2025, respectively.

We regularly review the appropriate use of capital, including acquisitions, common stock and debt security repurchases and dividends to shareholders. The declaration and payment of any dividends or repurchases of our common stock or debt is at the discretion of our Board of Directors and depends upon our financial condition, results of operations, future liquidity needs, regulatory and capital requirements and other factors deemed relevant by our Board of Directors.

For additional information regarding our sources and uses of capital at September 30, 2026, see Note 4, "Investments," Note 5, "Derivative Financial Instruments," Note 9, "Debt," and Note 11, "Capital Stock – *Use of Capital – Dividends and*

*Stock Repurchase Program,*" of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

In addition to regulations regarding the timing and amount of dividends, our regulated subsidiaries' states of domicile have statutory risk-based capital ("RBC") requirements for health and other insurance companies and health maintenance organizations largely based on the National Association of Insurance Commissioners ("NAIC") Risk-Based Capital for Health Organizations Model Act (the "RBC Model Act"). These RBC requirements are intended to measure capital adequacy, taking into account the risk characteristics of an insurer's investments and products. The NAIC sets forth the formula for calculating the RBC requirements, which are designed to take into account asset, insurance, interest rate and other relevant risks with respect to an individual insurance company's business. In general, under the RBC Model Act, an insurance company must submit a report of its RBC level to the state insurance department or insurance commissioner, as appropriate, at the end of each calendar year. Our regulated subsidiaries' respective RBC levels as of December 31, 2025, which was the most recent date for which reporting was required, were in excess of all applicable mandatory RBC requirements. In addition to exceeding these RBC requirements, we are in compliance with the liquidity and capital requirements for a licensee of the BCBSA and with the tangible net worth requirements applicable to certain of our California subsidiaries. For additional information, see Note 21, "Statutory Information," in our audited consolidated financial statements as of and for the year ended December 31, 2025 included in Part II, Item 8 of our 2025 Annual Report on Form 10-K.

***Future Sources and Uses of Liquidity***

We believe that cash on hand, future operating cash receipts, investments and funds available under our commercial paper program, our 5-Year Facility and borrowings available from the FHLBs will be adequate to fund our expected cash disbursements over the next twelve months.

There have been no material changes to our long-term liquidity requirements as disclosed in Part II, Item 7 of our 2025 Annual Report on Form 10-K. For additional updates regarding our estimated long-term liquidity requirements, see Note 5, "Derivative Financial Instruments," Note 9, "Debt," and the "*Other Contingencies*" and "*Contractual Obligations and Commitments*" sections of Note 10, "Commitments and Contingencies," of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q. We believe that funds from future operating cash flows, cash and investments and funds available under our 5-Year Facility and/or from public or private financing sources will be sufficient for future operations and commitments, and for capital acquisitions and other strategic transactions.

**FORWARD-LOOKING STATEMENTS**

*This document contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements reflect our views about future events and financial performance and are generally not historical facts. Words such as "expect," "feel," "believe," "will," "may," "should," "anticipate," "intend," "estimate," "project," "forecast," "plan," "potential," "predict," and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to: financial projections and estimates and their underlying assumptions; statements regarding plans, objectives and expectations with respect to future operations, products and services; and statements regarding future performance. Such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. You are also urged to carefully review and consider the various risks and other disclosures discussed in our reports filed with the U.S. Securities and Exchange Commission from time to time, which attempt to advise interested parties of the factors that affect our business. Except to the extent required by law, we do not update or revise any forward-looking statements to reflect events or circumstances occurring after the date hereof. These risks and uncertainties include, but are not limited to: trends in healthcare costs and utilization rates; reduced enrollment; our ability to secure and implement sufficient premium rates; the impact of large scale medical emergencies, such as public health epidemics and pandemics, and other catastrophes; the impact of new or changes in existing federal, state and international laws or regulations, including laws and regulations impacting healthcare, insurance, pharmacy services and other diversified products and services, or their enforcement or application; the impact of cyber-attacks or other privacy or data security incidents or our failure to comply with any privacy, data or security laws or regulations, including any investigations, claims or litigation related thereto; failure to effectively maintain and modernize our information systems, or failure of our information systems or technology, including artificial intelligence, to operate as intended; failure to effectively maintain the availability and integrity of our data; changes in economic and market conditions, as well as regulations that may negatively affect our liquidity and investment portfolios; competitive pressures and our ability to adapt to changes in the industry and develop and implement strategic growth opportunities; risks and uncertainties regarding Medicare and Medicaid programs, including those related to non-compliance with the complex regulations imposed thereon; our ability to maintain and achieve improvement in Centers for Medicare and Medicaid Services Star Ratings and other quality scores and funding risks with respect to revenue received from participation therein; a negative change in our healthcare product mix; costs and other liabilities associated with litigation, government investigations, audits or reviews; our ability to contract with providers on cost-effective and competitive terms; risks associated with providing healthcare, pharmacy and other diversified products and services, including medical malpractice or professional liability claims and non-compliance by any party with the pharmacy services agreement between us and CaremarkPCS Health, L.L.C.; the effects of any negative publicity or sentiment related to the health benefits industry in general or us in particular; risks associated with mergers, acquisitions, joint ventures and strategic alliances; possible impairment of the value of our intangible assets if future results do not adequately support goodwill and other intangible assets; possible restrictions in the payment of dividends from our subsidiaries and increases in required minimum levels of capital; our ability to repurchase shares of our common stock and pay dividends on our common stock due to the adequacy of our cash flow and earnings and other considerations; the potential negative effect from our substantial amount of outstanding indebtedness and the risk that increased interest rates or market volatility could impact our access to or further increase the cost of financing; a downgrade in our financial strength ratings; events that may negatively affect our licenses with the Blue Cross and Blue Shield Association; intense competition to attract and retain employees; risks associated with our international operations; and various laws and provisions in our governing documents that may prevent or discourage takeovers and business combinations.*

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For a discussion of our market risks, refer to Item 7A, "Quantitative and Qualitative Disclosures about Market Risk," included in our 2025 Annual Report on Form 10-K. There have been no material changes to any of these risks since December 31, 2025.

## ITEM 4. CONTROLS AND PROCEDURES

We carried out an evaluation as of September 30, 2026, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rule 13a-15(e) of the Exchange Act. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information relating to us (including our consolidated subsidiaries) required to be disclosed in our reports under the Exchange Act. In addition, based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures.

There have been no changes in our internal control over financial reporting that occurred during the three months ended September 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

# PART II. OTHER INFORMATION

## ITEM 1. LEGAL PROCEEDINGS

For information regarding legal proceedings at September 30, 2026, see the "*Litigation and Regulatory Proceedings*" and "*Other Contingencies*" sections of Note 10, "Commitments and Contingencies" of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q, which information is incorporated herein by reference.

## ITEM 1A. RISK FACTORS

In addition to the other information set forth in this Quarterly Report on Form 10-Q, you should carefully consider the factors discussed in Part I, Item 1A, "Risk Factors" of our 2025 Annual Report on Form 10-K, which could materially affect our business, financial condition or future results. The risks described in our 2025 Annual Report on Form 10-K are not the only risks facing us. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results.

There have been no material changes to the risk factors as disclosed in Part I, Item 1A of our 2025 Annual Report on Form 10-K.

## ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

**Issuer Purchases of Equity Securities**

The following table presents information related to our repurchases of common stock for the periods indicated:

| Period | Total Number of Shares Purchased[1] | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Programs[2] | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Programs |
|---|---|---|---|---|
| *(in millions, except share and per share data)* | | | | |
| July 1, 2026 to July 31, 2026 | 133,846 | $ 379.82 | 133,110 | $ 5,286 |
| August 1, 2026 to August 31, 2026 | 172,962 | 393.57 | 172,760 | 5,218 |
| September 1, 2026 to September 30, 2026 | 522,755 | 405.33 | 521,353 | 5,007 |
| | 829,563 | | 827,223 | |

1 Total number of shares purchased includes 2,340 shares delivered to or withheld by us in connection with employee payroll tax withholding upon the exercise or vesting of stock awards. Stock grants to employees and directors and stock issued for stock option plans and stock purchase plans in the consolidated changes in equity are shown net of these shares purchased.

2 Represents the number of shares repurchased through the common stock repurchase program authorized by our Board of Directors, which the Board of Directors evaluates periodically. During the three months ended September 30, 2026, we repurchased 827,223 shares at an aggregate cost of $330 under the program, including the cost of options to purchase shares. The Board of Directors has authorized our common stock repurchase program since 2003. The most recent authorized increase to the program was $8,000 on October 15, 2024 by our Audit Committee, pursuant to authorization granted by the Board of Directors. No duration has been placed on our common stock repurchase program, and we reserve the right to discontinue the program at any time.

## ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

## ITEM 4. MINE SAFETY DISCLOSURES

None.

## ITEM 5. OTHER INFORMATION

**Rule 10b5-1 Trading Plans**

During the three months ended September 30, 2026, none of our directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended) adopted, modified or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement”, as each term is defined in Item 408 of Regulation S-K.

**ITEM 6. EXHIBITS**

| Exhibit Number | Exhibit |
|---|---|
| 3.1 | Amended and Restated Articles of Incorporation of the Company, as amended and restated effective June 27, 2022, incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on June 28, 2022. |
| 3.2 | Bylaws of the Company, as amended effective October 4, 2023, incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on October 5, 2023. |
| 4.5 | Upon the request of the U.S. Securities and Exchange Commission, the Company will furnish copies of any other instruments defining the rights of holders of long-term debt of the Company or its subsidiaries. |
| 31.1 | Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Exchange Act Rules, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 | Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Exchange Act Rules, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1 | Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2 | Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101.INS | XBRL Instance Document - the instant document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document. |
| 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document. |
| 101.DEF | Inline XBRL Taxonomy Extension Definition Linkbase Document. |
| 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document. |
| 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document. |
| 104 | Cover Page Interactive Data File formatted in Inline XBRL and contained in Exhibit 101. |

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**ELEVANCE HEALTH, INC.**
Registrant

October 21, 2026 By: /S/ MARK B. KAYE

Mark B. Kaye
Executive Vice President and Chief Financial Officer
(Duly Authorized Officer and Principal Financial Officer)

October 21, 2026 By: /S/ RONALD W. PENCZEK

Ronald W. Penczek
Chief Accounting Officer and Controller
(Principal Accounting Officer)