

**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, 2025

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

(State or other jurisdiction of
incorporation or organization)

35-2145715

(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 14, 2025, 222,238,763 shares of the Registrant's Common Stock were outstanding.

Elevance Health, Inc.
Quarterly Report on Form 10-Q
For the Period Ended September 30, 2025
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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

Elevance Health, Inc.
Consolidated Balance Sheets

	September 30, 2025	December 31, 2024
	(Unaudited)	
<i>(In millions, except share and per share data)</i>		
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,713	\$ 8,288
Fixed maturity securities (amortized cost of \$26,200 and \$25,879; allowance for credit losses of \$13 and \$6)	26,283	25,201
Equity securities	1,220	1,192
Premium receivables, net	9,535	8,011
Self-funded receivables, net	5,122	5,044
Other receivables	7,692	6,016
Other current assets	5,213	4,700
Assets held for sale	—	490
Total current assets	63,778	58,942
Long-term investments:		
Fixed maturity securities (amortized cost of \$1,110 and \$1,049; allowance for credit losses of \$0 and \$0)	1,111	1,035
Other invested assets	10,648	9,749
Property and equipment, net	4,657	4,652
Goodwill	28,451	28,277
Other intangible assets	11,327	12,094
Other noncurrent assets	2,777	2,140
Total assets	\$ 122,749	\$ 116,889
Liabilities and equity		
Liabilities		
Current liabilities:		
Medical claims payable	\$ 17,148	\$ 15,746
Other policyholder liabilities	2,447	4,204
Unearned income	1,831	1,508
Accounts payable and accrued expenses	6,085	6,927
Short-term borrowings	180	365
Current portion of long-term debt	749	1,649
Other current liabilities	12,438	10,029
Liabilities held for sale	—	153
Total current liabilities	40,878	40,581
Long-term debt, less current portion	31,173	29,218
Reserves for future policy benefits	164	190
Deferred tax liabilities, net	2,315	2,148
Other noncurrent liabilities	4,137	3,326
Total liabilities	78,667	75,463
Commitments and contingencies – Note 11		
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 – 222,036,187 and 227,479,695	2	2
Additional paid-in capital	8,908	8,911
Retained earnings	35,586	33,549
Accumulated other comprehensive loss	(543)	(1,147)
Total shareholders' equity	43,953	41,315
Noncontrolling interests	129	111
Total equity	44,082	41,426
Total liabilities and equity	\$ 122,749	\$ 116,889

See accompanying notes.

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
<i>(In millions, except per share data)</i>				
Revenues				
Premiums	\$ 41,791	\$ 36,809	\$ 123,949	\$ 107,921
Product revenue	6,159	5,887	18,010	15,916
Service fees	2,137	2,023	6,314	6,378
Total operating revenue	50,087	44,719	148,273	130,215
Net investment income	625	551	1,701	1,524
Net losses on financial instruments	(1)	(125)	(596)	(371)
Gain (loss) on sale of business	—	(39)	—	201
Total revenues	50,711	45,106	149,378	131,569
Expenses				
Benefit expense	38,140	32,949	110,158	94,067
Cost of products sold	5,380	5,093	15,656	13,738
Operating expense	5,272	5,269	15,569	15,221
Interest expense	351	300	1,036	845
Amortization of other intangible assets	162	122	464	400
Total expenses	49,305	43,733	142,883	124,271
Income before income tax expense	1,406	1,373	6,495	7,298
Income tax expense	219	365	1,380	1,740
Net income	1,187	1,008	5,115	5,558
Net loss attributable to noncontrolling interests	2	8	—	4
Shareholders' net income	\$ 1,189	\$ 1,016	\$ 5,115	\$ 5,562
Shareholders' net income per share				
Basic	\$ 5.32	\$ 4.38	\$ 22.73	\$ 23.94
Diluted	\$ 5.32	\$ 4.36	\$ 22.67	\$ 23.81
Dividends per share	\$ 1.71	\$ 1.63	\$ 5.13	\$ 4.89

See accompanying notes.

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
<i>(In millions)</i>				
Net income	\$ 1,187	\$ 1,008	\$ 5,115	\$ 5,558
Other comprehensive income, net of tax:				
Change in net unrealized gains on investments	220	887	603	805
Change in non-credit component of impairment losses on investments	1	—	(1)	—
Change in net unrealized gains (losses) on net cash flow hedges	(3)	2	5	8
Change in net periodic pension and postretirement costs	4	3	1	11
Change in future policy benefits	(2)	(1)	(1)	(2)
Foreign currency translation adjustments	(1)	7	1	2
Other comprehensive income	219	898	608	824
Net loss attributable to noncontrolling interests	2	8	—	4
Other comprehensive income attributable to noncontrolling interests	(2)	—	(4)	—
Total shareholders' comprehensive income	<u>\$ 1,406</u>	<u>\$ 1,914</u>	<u>\$ 5,719</u>	<u>\$ 6,386</u>

See accompanying notes.

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

	Nine Months Ended September 30	
	2025	2024
<i>(In millions)</i>		
Operating activities		
Net income	\$ 5,115	\$ 5,558
Adjustments to reconcile net income to net cash provided by operating activities:		
Net losses on financial instruments	596	371
Gain on sale of business	—	(201)
Equity in net (earnings) losses of other invested assets	(251)	15
Depreciation and amortization	1,140	995
Deferred income taxes	43	(258)
Impairment of property and equipment	70	103
Share-based compensation	246	220
Changes in operating assets and liabilities:		
Receivables, net	(3,282)	(490)
Other invested assets	(70)	(73)
Other assets	(403)	(934)
Policy liabilities	(873)	(1,812)
Unearned income	323	392
Accounts payable and other liabilities	1,539	928
Income taxes	(13)	231
Other, net	26	57
Net cash provided by operating activities	4,206	5,102
Investing activities		
Purchases of investments	(12,265)	(14,706)
Proceeds from sale of investments	10,658	11,611
Maturities, calls and redemptions from investments	1,195	1,481
Changes in securities lending collateral	(576)	(160)
Purchases of subsidiaries, net of cash acquired	55	(1,124)
Proceeds from sale of subsidiaries, net of cash sold	—	399
Purchases of property and equipment	(823)	(934)
Other, net	(52)	(96)
Net cash used in investing activities	(1,808)	(3,529)
Financing activities		
Proceeds from long-term borrowings	2,994	2,580
Repayments of long-term borrowings	(2,150)	(800)
Proceeds from short-term borrowings	990	210
Repayments of short-term borrowings, net of issuances	(1,175)	(75)
Changes in securities lending payable	576	158
Changes in bank overdrafts	77	(172)
Repurchase and retirement of common stock	(2,134)	(1,089)
Cash dividends	(1,152)	(1,135)
Proceeds from issuance of common stock under employee stock plans	21	205
Taxes paid through withholding of common stock under employee stock plans	(31)	(106)
Other, net	10	9
Net cash used in financing activities	(1,974)	(215)
Effect of foreign exchange rates on cash and cash equivalents	1	2
Change in cash and cash equivalents	425	1,360
Cash and cash equivalents at beginning of period	8,288	6,526
Cash and cash equivalents included in assets held for sale at end of period	—	(20)
Cash and cash equivalents at end of period	\$ 8,713	\$ 7,866

See accompanying notes.

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

	Total Shareholders' Equity						
	Common Stock		Additional	Retained	Accumulated	Noncontrolling	Total
(In millions)	Number of	Par	Paid-in	Earnings	Other	Interests	Equity
	Shares	Value	Capital		Comprehensive		
					Loss		
December 31, 2024	227.5	\$ 2	\$ 8,911	\$ 33,549	\$ (1,147)	\$ 111	\$ 41,426
Net income	—	—	—	2,183	—	1	2,184
Other comprehensive gain	—	—	—	—	236	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	\$ (911)	\$ 117	\$ 42,620
Net income	—	—	—	1,743	\$ —	1	\$ 1,744
Other comprehensive gain	—	—	—	—	151	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	\$ (760)	\$ 129	\$ 43,851
Net income (loss)	—	—	—	1,189	—	(2)	1,187
Other comprehensive gain	—	—	—	—	217	2	219
Repurchase and retirement of common stock, including excise tax	(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	\$ (543)	\$ 129	\$ 44,082

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

	Total Shareholders' Equity						
	Common Stock		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Noncontrolling Interests	Total Equity
(In millions)	Number of Shares	Par Value					
December 31, 2023	233.1	\$ 2	\$ 8,868	\$ 31,749	\$ (1,313)	\$ 99	\$ 39,405
Net income	—	—	—	2,246	—	3	2,249
Other comprehensive loss	—	—	—	—	(52)	—	(52)
Repurchase and retirement of common stock, including excise tax	(1.1)	—	(44)	(525)	—	—	(569)
Dividends and dividend equivalents	—	—	—	(382)	—	—	(382)
Issuance of common stock under employee stock plans, net of related tax benefits	0.5	—	59	—	—	—	59
March 31, 2024	232.5	\$ 2	\$ 8,883	\$ 33,088	\$ (1,365)	\$ 102	\$ 40,710
Net income	—	—	—	2,300	—	1	2,301
Other comprehensive loss	—	—	—	—	(22)	—	(22)
Noncontrolling interests adjustment	—	—	—	—	—	3	3
Repurchase and retirement of common stock, including excise tax	(0.9)	—	(34)	(432)	—	—	(466)
Dividends and dividend equivalents	—	—	—	(381)	—	—	(381)
Issuance of common stock under employee stock plans, net of related tax benefits	0.3	—	152	—	—	—	152
June 30, 2024	231.9	\$ 2	\$ 9,001	\$ 34,575	\$ (1,387)	\$ 106	\$ 42,297
Net income	—	—	—	1,016	—	(8)	1,008
Other comprehensive gain	—	—	—	—	898	—	898
Noncontrolling interests adjustment	—	—	—	—	—	6	6
Repurchase and retirement of common stock	(0.1)	—	(5)	(55)	—	—	(60)
Dividends and dividend equivalents	—	—	—	(379)	—	—	(379)
Issuance of common stock under employee stock plans, net of related tax benefits	0.1	—	109	—	—	—	109
September 30, 2024	231.9	\$ 2	\$ 9,105	\$ 35,157	\$ (489)	\$ 104	\$ 43,879

See accompanying notes.

Elevance Health, Inc.
Notes to Consolidated Financial Statements
(Unaudited)
September 30, 2025

(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 the 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 45.4 million medical members through our affiliated health plans as of September 30, 2025. 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, provider network access, medical management, care management, wellness programs, actuarial services and other administrative services. We provide services to the federal government in connection with our Federal Health Products & Services business, which administers the Federal Employees 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 15, “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, 2024 (the “2024 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, 2025 and 2024 have been recorded. The results of operations for the three and nine months ended September 30, 2025 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2025, 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, 2024 included in our 2024 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 “Foreign currency translation adjustments” 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: 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 derivative financial instrument requirements. These amounts totaled \$397 and \$409 at September 30, 2025 and December 31, 2024, 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 the consolidated statements of comprehensive income. 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.

The changes in fair value of our marketable equity securities are recognized in our consolidated statements of income within net losses on financial instruments. Certain marketable equity securities are held to satisfy contractual obligations or for other business purposes and are reported under the caption “Other invested assets” in our consolidated balance sheets.

Mortgage loans on real estate are classified as held for investment and are reported at their amortized cost basis net of allowance under the caption “Other invested assets” in our consolidated balance sheets. Amortized cost is the amount at which the loan is originated, adjusted for accrued interest, amortization of premium, discount and net deferred fees or costs, collection of cash and write-offs.

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.

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 are 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 we are deemed to exercise control, or we are considered the primary beneficiary of a variable interest entity.

Investment income is recorded when earned. All securities sold resulting in investment 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. We recognize the collateral as an asset, which is reported under the caption “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. Secondly, 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 \$168 and \$183 at September 30, 2025 and December 31, 2024, respectively.

Self-funded receivables include administrative fees, claims and other amounts due from fee-based customers for administrative services. Self-funded receivables are reported net of an allowance for doubtful accounts of \$109 and \$115 at September 30, 2025 and December 31, 2024, 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 \$1,470 and \$1,385 at September 30, 2025 and December 31, 2024, 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 pertains to services rendered in 2024, with the remaining \$83 attributable to 2025.

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 rebates based on medical loss ratio or 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. 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. As with premiums, each fee-based arrangement 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.

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 revenues and costs of goods 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 determined it is the principal due to 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 indicate 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, 2025 or December 31, 2024. For the three and nine months ended September 30, 2025 and 2024, revenue recognized from performance obligations related to prior periods, such as changes in transaction price, were 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 August 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update No. 2023-05, *Business Combinations—Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement* (“ASU 2023-05”). ASU 2023-05 clarifies existing guidance to reduce diversity in practice and requires a joint venture to recognize and initially measure its assets and liabilities using a new basis of accounting, at fair value, upon formation. These amendments are effective prospectively for all joint venture formations with a formation date on or after January 1, 2025. We adopted ASU 2023-05 as of January 1, 2025. The adoption of ASU 2023-05 did not have an impact on our financial statements.

Recent Accounting Guidance Not Yet Adopted: In December 2023, the FASB issued Accounting Standards Update No. 2023-09, *Income Taxes (Topic 740)* (“ASU 2023-09”). The amendments in ASU 2023-09 are intended to improve income tax disclosures, primarily related to the rate reconciliation and income taxes paid information. ASU 2023-09 is effective for our fiscal years beginning after December 15, 2024, however, these disclosures are not required for interim periods. The amendments are to be applied on a prospective basis, although retrospective adoption is permitted. We do not believe the adoption of ASU 2023-09 will have a material impact on our consolidated financial statements or disclosures.

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 Topic (“ASC”) 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 is effective for our fiscal years beginning after December 15, 2025, and interim periods within such fiscal years, with prospective application required. Early adoption is permitted. We are currently assessing the impact of ASU 2025-05 on our consolidated financial statements and related disclosures.

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 detail 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 interim periods within our fiscal years 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 2024 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. Business Acquisitions

Completed Acquisitions

On December 31, 2024, we completed our acquisition of Centers Plan for Healthy Living LLC and Centers for Specialty Care Group IPA, LLC (“Centers”). Centers is a managed long-term care plan that serves New York state Medicaid and dual-eligible Medicaid/Medicare members, enabling adults with long-term care needs and disabilities to live safely and independently in their own home. This acquisition aligns with our strategic plan to grow the Health Benefits segment and leverage industry-leading expertise while serving Medicaid and dual-eligible Medicaid/Medicare populations. As of September 30, 2025, the purchase price was allocated to the tangible and intangible net assets acquired based on management's estimates of their fair values, of which \$211 has been allocated to finite-lived intangible assets, \$690 to indefinite-lived intangible assets and \$246 to goodwill. The majority of the goodwill is not deductible for income tax purposes. As of September 30, 2025, the initial accounting for the acquisition has not been finalized. The proforma effects of this acquisition for prior periods along with revenue and net income for the three and nine months ended September 30, 2025 were not material to our consolidated results of operations.

On December 10, 2024, we completed our acquisition of RSV QOZB LTSS, Inc. and certain affiliated entities (“CareBridge”), a value-based healthcare company that manages home and community-based services for Medicaid and dual-eligible Medicaid/Medicare members receiving long-term services and support. This acquisition aligns with Carelon Services’ care at home strategy, and our vision to be an innovative, valuable and inclusive healthcare partner by providing care management programs that improve the lives of the people we serve. As of September 30, 2025, the purchase price was allocated to the tangible and intangible net assets acquired based on management's estimates of their fair values, of which \$305 has been allocated to finite-lived intangible assets, and \$1,811 to goodwill. The purchase price includes a contingent consideration payable with a fair value of \$27 related to an earnout arrangement based on 2025 and 2026 earnings of CareBridge. The majority of the goodwill is not deductible for income tax purposes. As of September 30, 2025, the initial accounting for the acquisition has not been finalized. The proforma effects of this acquisition for prior periods along with revenue and net income for the three and nine months ended September 30, 2025 were not material to our consolidated results of operations.

4. Business Optimization Initiative

In the third quarter of 2023, based on a strategic review of our operations, assets and investments, management implemented the “2023-2024 Business Efficiency Program” to enhance operating efficiency, refine the focus of our investments and optimize our physical footprint. The 2023-2024 Business Efficiency Program included the write-off of certain information technology assets and contract exit costs, a reduction in staff including the relocation of certain job functions, and the impairment of assets associated with the closure or partial closure of data centers and offices. The 2023-2024 Business Efficiency Program was finalized as of December 31, 2024, except as to cash outlays related to personnel-related costs associated with this program, which are expected to be paid through 2025.

The ending liability balances related to the employee termination costs under the 2023-2024 Business Efficiency Program at September 30, 2025 and December 31, 2024 were \$109 and \$224, respectively. During the nine months ended September 30, 2025, \$111 of payments were made, and \$4 was released from the liability.

5. Investments

Fixed Maturity Securities

A summary of current and long-term fixed maturity securities, available-for-sale, at September 30, 2025 and December 31, 2024 is as follows:

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Allowance For Credit Losses	Estimated Fair Value
September 30, 2025					
Fixed maturity securities:					
United States Government securities	\$ 1,640	\$ 14	\$ (20)	\$ —	\$ 1,634
Government sponsored securities	88	1	(1)	—	88
Foreign government securities	13	—	—	—	13
States, municipalities and political subdivisions, tax-exempt	3,766	64	(97)	(2)	3,731
Corporate securities	13,673	447	(136)	(6)	13,978
Residential mortgage-backed securities	3,230	37	(151)	—	3,116
Commercial mortgage-backed securities	2,126	29	(34)	—	2,121
Other asset-backed securities	2,774	47	(103)	(5)	2,713
Total fixed maturity securities	<u>\$ 27,310</u>	<u>\$ 639</u>	<u>\$ (542)</u>	<u>\$ (13)</u>	<u>\$ 27,394</u>
December 31, 2024					
Fixed maturity securities:					
United States Government securities	\$ 1,907	\$ 2	\$ (85)	\$ —	\$ 1,824
Government sponsored securities	156	—	(5)	—	151
Foreign government securities	19	—	(2)	—	17
States, municipalities and political subdivisions, tax-exempt	3,142	33	(123)	—	3,052
Corporate securities	14,095	192	(367)	(4)	13,916
Residential mortgage-backed securities	3,274	13	(236)	—	3,051
Commercial mortgage-backed securities	1,801	8	(60)	(1)	1,748
Other asset-backed securities	2,534	36	(92)	(1)	2,477
Total fixed maturity securities	<u>\$ 26,928</u>	<u>\$ 284</u>	<u>\$ (970)</u>	<u>\$ (6)</u>	<u>\$ 26,236</u>

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, 2025 and December 31, 2024, 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		
	Number of Securities	Estimated Fair Value	Gross Unrealized Loss	Number of Securities	Estimated Fair Value	Gross Unrealized Loss
<i>(Securities are whole amounts)</i>						
September 30, 2025						
Fixed maturity securities:						
United States Government securities	27	\$ 178	\$ (5)	15	\$ 224	\$ (15)
Government sponsored securities	1	5	—	27	35	(1)
Foreign government securities	1	1	—	1	—	—
States, municipalities and political subdivisions, tax-exempt	333	675	(18)	574	886	(79)
Corporate securities	549	1,018	(30)	819	1,560	(106)
Residential mortgage-backed securities	169	198	(4)	1,202	1,119	(147)
Commercial mortgage-backed securities	75	285	(7)	236	547	(27)
Other asset-backed securities	176	491	(68)	142	386	(35)
Total fixed maturity securities	<u>1,331</u>	<u>\$ 2,851</u>	<u>\$ (132)</u>	<u>3,016</u>	<u>\$ 4,757</u>	<u>\$ (410)</u>
December 31, 2024						
Fixed maturity securities:						
United States Government securities	40	\$ 1,240	\$ (52)	25	\$ 330	\$ (33)
Government sponsored securities	10	89	(2)	36	42	(3)
Foreign government securities	2	15	(1)	2	2	(1)
States, municipalities and political subdivisions, tax-exempt	527	1,092	(22)	661	943	(101)
Corporate securities	1,415	4,717	(92)	1,317	2,645	(275)
Residential mortgage-backed securities	306	1,097	(25)	1,312	1,291	(211)
Commercial mortgage-backed securities	136	670	(15)	297	661	(45)
Other asset-backed securities	123	293	(9)	236	735	(83)
Total fixed maturity securities	<u>2,559</u>	<u>\$ 9,213</u>	<u>\$ (218)</u>	<u>3,886</u>	<u>\$ 6,649</u>	<u>\$ (752)</u>

Unrealized losses on our securities shown in the table above have not been recognized into income because, as of September 30, 2025, 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 \$13 and \$6 at September 30, 2025 and December 31, 2024, 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, 2025, 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	\$ 280	\$ 279
Due after one year through five years	4,871	4,890
Due after five years through ten years	10,384	10,580
Due after ten years	6,419	6,408
Mortgage-backed securities	5,356	5,237
Total fixed maturity securities	<u>\$ 27,310</u>	<u>\$ 27,394</u>

Equity Securities

A summary of current equity securities at September 30, 2025 and December 31, 2024 is as follows:

	September 30, 2025	December 31, 2024
Equity securities:		
Exchange traded funds	\$ 1,129	\$ 1,002
Common equity securities	31	118
Private equity securities	60	72
Total	<u>\$ 1,220</u>	<u>\$ 1,192</u>

Other Invested Assets

At September 30, 2025, “Other invested assets” include non-controlled 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”).

On August 6, 2024, we made an investment of \$2,580, consisting of cash and the net put option discussed in Note 6, “Derivative Financial Instruments”, in Mosaic Health. Mosaic Health is a joint venture with Clayton, Dubilier & Rice (“CD&R”) that is designed to accelerate innovation in care delivery across multiple regions in the United States by bringing together certain care delivery and enablement assets of Caelon Management Services Inc. (“CMSI Assets”), a Caelon Health business, and two CD&R portfolio businesses, apree health and Millennium Physician Group. The investment is accounted for as an equity method investment. Our additional contribution of the CMSI Assets to Mosaic Health was completed on January 1, 2025, for which we received an additional \$300 of equity (approximately 5% ownership) in Mosaic Health.

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 revolving credit facility of up to \$500 to Mosaic Health. Net amounts receivable under these arrangements were \$188 at both September 30, 2025 and December 31, 2024, which are included under the caption “Other invested assets” in our consolidated balance sheets as of September 30, 2025 and December 31, 2024. During the nine months ended September 30, 2025 and 2024, we recognized \$13 and \$3, respectively, in interest income from the financing arrangement with Mosaic Health. In addition to the term loan and line of credit, we committed to providing \$70 of funding with no additional equity interest in Mosaic Health to meet any shortfall in operating cash flow and regulatory capital requirements of the CMSI Assets through December 31, 2026, and to fund any remaining shortfalls as necessary for which we would receive additional equity interests in Mosaic Health. No additional funding was provided as of September 30, 2025 or December 31, 2024. In addition, during the three and nine months ended September 30, 2025, in the normal course of business, Mosaic provided care delivery and enablement services to Elevance Health subsidiaries amounting to \$162 and \$662, respectively, reported in benefit expense.

In January 2023, we made an equity investment consisting of cash and a net put option in Liberty Dental, a joint venture with Welsh, Carson, Anderson & Stowe which engages in dental insurance and dental healthcare administration. The investment is accounted for as an equity method investment. 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 \$157 and \$87 was disbursed as of September 30, 2025 and December 31, 2024, respectively. Mandatorily redeemable preferred equity in Liberty Dental of \$127 and \$87 is included in the caption “Other invested assets” in our consolidated balance sheets at September 30, 2025 and December 31, 2024, respectively. Dividend income recognized from the financing arrangement during the nine months ended September 30, 2025 and the year ended December 31, 2024 was not material. During the three and nine months ended September 30, 2025, in the normal course of business, Liberty Dental provided services to our Medicare Advantage members under a capitated arrangement amounting to \$149 and \$441, respectively, reported in benefit expense.

Investment Gains (Losses)

Net investment gains (losses) for the three and nine months ended September 30, 2025 and 2024 are as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Net gains (losses):				
Fixed maturity securities:				
Gross realized gains from sales	\$ 39	\$ 53	\$ 88	\$ 92
Gross realized losses from sales	(51)	(107)	(195)	(354)
Impairment losses recognized in income	—	(9)	(10)	(13)
Net realized losses from sales of fixed maturity securities	(12)	(63)	(117)	(275)
Equity securities:				
Unrealized gains recognized on equity securities still held at the end of the period	8	3	2	4
Net realized losses recognized on equity securities sold during the period	(7)	(3)	(9)	(4)
Net losses on equity securities	1	—	(7)	—
Other investments:				
Gross gains	28	35	41	45
Gross losses	—	—	(100)	(25)
Other realized losses recognized in income	(17)	(98)	(411)	(124)
Net losses on other investments	11	(63)	(470)	(104)
Net losses on investments	\$ —	\$ (126)	\$ (594)	\$ (379)

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, 2025, we received total proceeds from sales, maturities, calls or redemptions of fixed maturity securities of \$2,738 and \$8,759, respectively. During the three and nine months ended September 30, 2024, we received total proceeds from sales, maturities, calls or redemptions of fixed maturity securities of \$3,870 and \$12,284, respectively.

Accrued Investment Income

At September 30, 2025 and December 31, 2024, accrued investment income totaled \$280 and \$287, 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, 2025 and December 31, 2024 was \$2,881 and \$2,305, respectively. The collateral received was 102% of the market value of the loaned securities at each of September 30, 2025 and December 31, 2024.

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, 2025 and December 31, 2024, the remaining contractual maturities of our securities lending transactions included overnight and continuous transactions of cash for \$2,711 and \$2,115, respectively, United States Government securities for \$170 and \$176, respectively, and residential mortgage-backed securities for \$0 and \$14, respectively.

6. Derivative Financial Instruments

We use derivative financial instruments to manage interest rate and foreign exchange risk and credit exposure. 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 received collateral of \$66 and posted collateral of \$142 related to our derivative financial instruments at September 30, 2025 and December 31, 2024, 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"). Any amounts recognized for changes in fair value of these derivatives 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 the consolidated statements of comprehensive income within the change in net unrealized gains (losses) on cash flow hedges was \$195 and \$201 at September 30, 2025 and December 31, 2024, respectively.

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. During the three and nine months ended September 30, 2024, we recognized net gains of \$1 and \$8, respectively, on non-hedging derivatives.

In connection with our equity investment in Mosaic Health (see Note 5, "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. We have calculated the fair value of the net put option, which is a Level III measurement (see Note 7, "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 measured at fair value at the date of our initial investment, is included under the caption "Other noncurrent liabilities" in our consolidated balance sheets as of September 30, 2025. 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 or expires.

In connection with our equity investment in Liberty Dental (see Note 5, "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. These options, if exercised, will result in our purchase of the units held by the majority owners as early as 2026 but no later than 2027 at a price based on certain multiples of earnings of Liberty Dental, subject to various adjustments and qualifications. We have calculated the fair value of the net put option, which is a Level III measurement (see Note 7, "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 \$396, which is a non-cash item measured at fair value at the date of our initial investment, is included under the caption "Other noncurrent liabilities" in our consolidated balance sheet as of September 30, 2025. The change in value was recognized through net losses on financial instruments in our consolidated statements of income. 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 or expires.

For additional information relating to the fair value of our derivative assets and liabilities, see Note 7, "Fair Value," included in this Quarterly Report on Form 10-Q.

7. 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, 2024 included in Part II, Item 8 of our 2024 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, 2025 and December 31, 2024 is as follows:

	Level I	Level II	Level III	Total
September 30, 2025				
Assets:				
Cash equivalents	\$ 3,219	\$ —	\$ —	\$ 3,219
Fixed maturity securities, available-for-sale:				
United States Government securities	—	1,634	—	1,634
Government sponsored securities	—	88	—	88
Foreign government securities	—	13	—	13
States, municipalities and political subdivisions, tax-exempt	—	3,731	—	3,731
Corporate securities	—	13,529	449	13,978
Residential mortgage-backed securities	—	3,100	16	3,116
Commercial mortgage-backed securities	—	2,102	19	2,121
Other asset-backed securities	—	1,815	898	2,713
Total fixed maturity securities, available-for-sale	—	26,012	1,382	27,394
Equity securities:				
Exchange traded funds	1,129	—	—	1,129
Common equity securities	2	29	—	31
Private equity securities	—	—	60	60
Total equity securities	1,131	29	60	1,220
Other invested assets - common equity securities	7	—	—	7
Securities lending collateral	—	2,881	—	2,881
Derivatives - other assets	—	92	—	92
Total assets	\$ 4,357	\$ 29,014	\$ 1,442	\$ 34,813
Percentage of total assets at fair value	13%	83%	4%	100%
Liabilities:				
Derivatives - other liabilities	\$ —	\$ (26)	\$ —	\$ (26)
Total liabilities	\$ —	\$ (26)	\$ —	\$ (26)
December 31, 2024				
Assets:				
Cash equivalents	\$ 3,199	\$ —	\$ —	\$ 3,199
Fixed maturity securities, available-for-sale:				
United States Government securities	—	1,824	—	1,824
Government sponsored securities	—	151	—	151
Foreign government securities	—	17	—	17
States, municipalities and political subdivisions, tax-exempt	—	3,052	—	3,052
Corporate securities	—	13,873	43	13,916
Residential mortgage-backed securities	—	3,041	10	3,051
Commercial mortgage-backed securities	—	1,748	—	1,748
Other asset-backed securities	—	1,730	747	2,477
Total fixed maturity securities, available-for-sale	—	25,436	800	26,236
Equity securities:				
Exchange traded funds	1,002	—	—	1,002
Common equity securities	87	31	—	118
Private equity securities	—	—	72	72
Total equity securities	1,089	31	72	1,192
Other invested assets - common equity securities	18	—	—	18
Securities lending collateral	—	2,306	—	2,306
Derivatives - other assets	—	5	—	5
Total assets	\$ 4,306	\$ 27,778	\$ 872	\$ 32,956
Percentage of total assets at fair value	13%	84%	3%	100%
Liabilities:				
Derivatives - other liabilities	\$ —	\$ (150)	\$ —	\$ (150)
Total liabilities	\$ —	\$ (150)	\$ —	\$ (150)

There were no individually material transfers into or out of Level III during the three and nine months ended September 30, 2025 or 2024. There were no adjustments to quoted market prices obtained from the pricing services during the three and nine months ended September 30, 2025 or 2024.

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. As disclosed in Note 3, “Business Acquisitions and Divestitures,” we completed our acquisition of Centers and CareBridge in December 2024. The net assets acquired in our acquisitions of Centers and CareBridge and resulting goodwill and other intangible assets were recorded at fair value primarily using Level III inputs. The majority of tangible assets acquired and liabilities assumed were recorded at their carrying values as of the acquisition date, as their carrying values approximated their fair values due to their short-term nature. The fair values of goodwill and other intangible assets acquired in our acquisitions of Centers and CareBridge were valued based on 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 Note 6, “Derivative Financial Instruments”, in August 2024, we entered into certain put, call, and purchase price true-up options in connection with our investment in Mosaic Health. The net put option estimated fair value was \$1,400 and \$1,330 at September 30, 2025 and December 31, 2024, respectively.

As discussed in Note 6, “Derivative Financial Instruments”, in March 2025, we amended certain put, and call options in connection with our investment in Liberty Dental. The net put option estimated fair value was \$444 and \$543 at September 30, 2025 and December 31, 2024, respectively.

Other than the assets acquired and liabilities assumed in our acquisitions of Centers and CareBridge and the net put options 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 or 2024.

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, 2024 included in Part II, Item 8 of our 2024 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, 2025 and December 31, 2024 is as follows:

	Carrying Value	Estimated Fair Value			
		Level I	Level II	Level III	Total
September 30, 2025					
Assets:					
Other invested assets	\$ 678	\$ —	\$ —	\$ 660	\$ 660
Liabilities:					
Debt:					
Short-term borrowings	180	—	180	—	180
Notes	31,922	—	30,187	—	30,187
Options	1,726	—	—	1,844	1,844
December 31, 2024					
Assets:					
Other invested assets	\$ 642	\$ —	\$ —	\$ 610	\$ 610
Liabilities:					
Debt:					
Short-term borrowings	365	—	365	—	365
Notes	30,867	—	28,460	—	28,460
Options	1,415	—	—	1,873	1,873

8. Income Taxes

During the three months ended September 30, 2025 and 2024, we recognized income tax expense of \$219 and \$365, respectively, which represent effective income tax rates of 15.6% and 26.6%, respectively. During the nine months ended September 30, 2025 and 2024, we recognized income tax expense of \$1,380 and 1,740, respectively, which represent effective income tax rates of 21.2% and 23.8%, respectively. The decrease in our effective income tax rate compared to the three months ended September 30, 2024 was primarily due to the impact of certain investment credits and the non-recurrence of a prior year uncertain tax position recognized during the three months ended September 30, 2024. The decrease in our effective income tax rate compared to the nine months ended September 30, 2024 was primarily due to the impact of certain investment credits.

We recognized income taxes receivable of \$294 and \$213 as an asset under the caption “Other current assets” and income taxes payable of \$141 and \$75 as a liability under the caption “Other current liabilities” in our consolidated balance sheets as of September 30, 2025 and December 31, 2024, respectively.

9. Medical Claims Payable

A reconciliation of the beginning and ending balances for medical claims payable for the nine months ended September 30, 2025 and 2024 is as follows:

	2025	2024
Gross medical claims payable, beginning of period	\$ 15,580	\$ 15,865
Ceded medical claims payable, beginning of period	(13)	(7)
Net medical claims payable, beginning of period	15,567	15,858
Business combinations and purchase adjustments	344	—
Net incurred medical claims:		
Current period	108,423	92,715
Prior periods redundancies	(1,266)	(1,610)
Total net incurred medical claims	107,157	91,105
Net payments attributable to:		
Current period medical claims	93,545	79,220
Prior periods medical claims	12,699	12,567
Total net payments	106,244	91,787
Net medical claims payable, end of period	16,824	15,176
Ceded medical claims payable, end of period	44	9
Gross medical claims payable, end of period	\$ 16,868	\$ 15,185

At September 30, 2025, the total of net incurred but not reported liabilities plus expected development on reported claims was \$15,223, \$1,258 and \$343 for the claim years 2025, 2024, and 2023 and prior, respectively.

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 favorable development recognized in the nine months ended September 30, 2024 resulted from faster than expected development of completion factors during the latter part of 2023, as well as trend factors in late 2023 developing more favorably than originally expected.

The reconciliation of net incurred medical claims to benefit expense included in our consolidated statements of income for the nine months ended September 30, 2025 and 2024 is as follows:

	2025	2024
Net incurred medical claims with medical claims payable	\$ 103,923	\$ 91,105
Performance-based risk arrangements without medical claims payable	3,234	—
Total net incurred medical claims	107,157	91,105
Quality improvement and other claims expense	3,001	2,962
Benefit expense	<u>\$ 110,158</u>	<u>\$ 94,067</u>

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, 2025 is as follows:

	Total
Net medical claims payable, end of period	\$ 16,824
Ceded medical claims payable, end of period	44
Insurance lines other than short duration	280
Gross medical claims payable, end of period	<u>\$ 17,148</u>

10. Debt

We generally issue senior unsecured notes for long-term borrowing purposes. At September 30, 2025 and December 31, 2024, we had \$31,897 and \$30,843, respectively, outstanding under these notes.

On September 15, 2025, we issued \$750 aggregate principal amount of 4.000% Notes due 2028 (the “2028 Notes”), \$750 aggregate principal amount of 4.600% Notes due 2032 (the “2032 Notes”), \$1,000 aggregate principal amount of 5.000% Notes due 2036 (the “2036 Notes”), and \$500 aggregate principal amount of 5.700% Notes due 2055 (the “2055 Notes”, and, together with the 2028 Notes, the 2032 Notes and the 2036 Notes, the “Notes”) under our shelf registration statement. Interest on the 2028 Notes, the 2032 Notes, and the 2055 Notes are payable semi-annually in arrears on March 15 and September 15 of each year, commencing March 15, 2026. Interest on the 2036 Notes is payable semi-annually in arrears on January 15 and July 15 of each year, commencing January 15, 2026. We used the net proceeds from the issuance of the Notes to redeem all of the \$400 aggregate principal amount of our 5.350% senior notes due 2025 and the \$500 aggregate principal amount of our 4.900% senior notes due 2026. We intend to use the remainder of the net proceeds for working capital and general corporate purposes, including, but not limited to, the funding of acquisitions, repayment of other short-term and long-term debt and the repurchase of our common stock pursuant to our share repurchase program.

On January 15, 2025, we repaid, at maturity, the \$1,250 outstanding balance of our 2.375% unsecured notes.

We have an unsecured surplus note with an outstanding principal balance of \$25 at both September 30, 2025 and December 31, 2024.

We have a senior revolving credit facility (the “5-Year Facility”) with a group of lenders for general corporate purposes. On September 5, 2025, we amended and restated the credit agreement for the 5-Year Facility to, among other things, extend the maturity date of the 5-Year Facility from April 2027 to September 2030 and increase the amount of credit available under the 5-Year Facility from \$4,000 to \$5,000. 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 amended and restated credit agreement for the 5-Year Facility. As of September 30, 2025, our debt-to-capital ratio, as defined and calculated under the 5-Year Facility, was 42.1%. We do not believe the restrictions contained in our 5-Year Facility covenants materially affect our financial or operating flexibility. As of September 30, 2025, we were in compliance with all of our debt covenants under the 5-Year Facility. There were no amounts outstanding under the 5-Year Facility at any time during the nine months ended September 30, 2025 or during the year ended December 31, 2024.

We have an authorized commercial paper program of up to \$4,000, the proceeds of which may be used for general corporate purposes. We had no amounts outstanding under this program at either September 30, 2025 or December 31, 2024.

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 \$180 and \$365 of outstanding short-term borrowings from the FHLBs at September 30, 2025 and December 31, 2024, respectively.

All debt is a direct obligation of Elevance Health, Inc., except for the unsecured surplus note and the FHLBs borrowings.

11. 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 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 are 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. Cases filed in twenty-eight states were consolidated into a single, multi-district proceeding captioned *In re Blue Cross Blue Shield Antitrust 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 a settlement agreement and release with the subscriber plaintiffs (the “Subscriber Settlement Agreement”), which received final approval by the Court in September 2022. The Subscriber Settlement Agreement and the defendants' payment and non-monetary obligations under the Subscriber Settlement Agreement became effective in June 2024, with the request for second Blue plan bid provisions effective in September 2024.

A number of follow-on cases involving entities that opted out of the Subscriber Settlement Agreement have been filed. 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.); *Hoover, et al. v. Blue Cross Blue Shield Association, et al.*, No. 1:21-cv-23448 (S.D. Fla.); and *VHS Liquidating Trust v. Blue Cross of California, et al.*, No. RG21106600 (Cal. Super.) (“*VHS*”). 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 court presiding over the *VHS* case upheld its prior order granting in part defendants’ motion to strike based on the statute of limitations. On February 14, 2025, the VHS plaintiffs amended their complaint to add an additional plaintiff, Children’s Hospital of Los Angeles. 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.

In the third quarter of 2024, the BCBSA, along with the individually named Blue plans, approved a settlement agreement and release (the “Provider Settlement Agreement”) with the provider plaintiffs, and in October 2024 the provider plaintiffs filed a motion for preliminary approval with the Court. The Court granted preliminary approval of the provider settlement on December 4, 2024. A Final Fairness Hearing was held in July 2025, and a Final Order of Approval was issued in August 2025. As a result of the Final Order of Approval, the defendants were required to make a monetary settlement payment, our portion of which was \$666 and was paid on September 19, 2025. Certain non-monetary terms including (i) expansion of certain opportunities to contract with providers in contiguous service areas, (ii) certain prompt pay commitments, and (iii) various technological enhancements to the BlueCard program are now being implemented on a timeline set forth in the Provider Settlement Agreement. We recognized our payment obligation under the Provider Settlement Agreement of \$666 in September 2024 as operating expense in the Corporate & Other segment (see Note 15, “Segment Information”).

A number of follow-on cases involving entities that opted out of the putative Provider Settlement Agreement have been filed. 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, and an initial case management conference was held in April 2023. Fact discovery is ongoing with a current deadline of December 9, 2025. The final expert discovery deadline is currently June 18, 2026. On October 1, 2025, the Chief Judge for the District Court issued a temporary Order of Stay of all civil cases (other than those for civil forfeiture) brought by the United States Attorney's Office for the Southern District of New York. We intend to continue to vigorously defend this suit, which we believe is without merit; however, the 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 \$1,746. 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 (the “CVS Agreement”), with the current contractual term extending through December 31, 2027. We can elect to have CVS continue to provide services to us for a three-year extension period on the same terms and conditions as in the current CVS Agreement in the event of a termination or non-renewal by either party.

We have financial guarantees related to standby letters of credit and surety bonds related to certain contractual commitments, which totaled \$834 as of September 30, 2025. 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 \$501 at September 30, 2025. 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, 2025, there were no significant concentrations of financial instruments in a single investee, industry or geographic location.

12. Capital Stock

Stock Incentive Plans

A summary of stock option activity for the nine months ended September 30, 2025 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, 2025	2.9	\$ 361.36		
Granted	0.6	394.27		
Exercised	(0.2)	218.45		
Forfeited or expired	(0.1)	436.11		
Outstanding at September 30, 2025	3.2	373.18	5.86	\$ 77
Exercisable at September 30, 2025	2.1	342.73	4.51	\$ 77

A summary of the status of nonvested restricted stock activity, including restricted stock units and performance units, for the nine months ended September 30, 2025 is as follows:

	Restricted Stock Shares and Units	Weighted- Average Grant Date Fair Value per Share
Nonvested at January 1, 2025	1.0	\$ 478.70
Granted	0.6	393.39
Vested	(0.4)	467.50
Forfeited	(0.1)	451.08
Nonvested at September 30, 2025	1.1	438.24

During the nine months ended September 30, 2025, we granted approximately 0.2 restricted stock units that are contingent upon us achieving earnings targets over the three-year period from 2025 to 2027. These grants have been included in the activity shown above but will be subject to adjustment at the end of 2027 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, 2024 included in Part II, Item 8 of our 2024 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, 2025 and 2024:

	Nine Months Ended September 30	
	2025	2024
Risk-free interest rate	4.29 %	4.28 %
Volatility factor	30.00 %	28.00 %
Quarterly dividend yield	0.432 %	0.327 %
Weighted-average expected life (years)	4.45	4.40

The following weighted-average fair values per option or share were determined for the nine months ended September 30, 2025 and 2024:

	Nine Months Ended September 30	
	2025	2024
Options granted during the period	\$ 106.92	\$ 134.65
Restricted stock awards granted during the period	393.39	502.01

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, 2025 and 2024 is as follows:

<u>Declaration Date</u>	<u>Record Date</u>	<u>Payment Date</u>	<u>Cash Dividend per Share</u>	<u>Total</u>
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
Nine Months Ended September 30, 2024				
January 23, 2024	March 8, 2024	March 22, 2024	\$1.63	\$ 379
April 16, 2024	June 10, 2024	June 25, 2024	\$1.63	\$ 378
July 16, 2024	September 10, 2024	September 25, 2024	\$1.63	\$ 378

On October 15, 2025, our Audit Committee declared a fourth quarter 2025 dividend to shareholders of \$1.71 per share, payable on December 19, 2025 to shareholders of record at the close of business on December 5, 2025.

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, 2025 and 2024 is as follows:

	Nine Months Ended September 30	
	2025	2024
Shares repurchased	6.1	2.1
Average price per share	\$ 353.83	\$ 506.80
Aggregate cost	\$ 2,134	\$ 1,089
Authorization remaining at the end of the period	\$ 7,166	\$ 3,111

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 10, “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, 2024 included in Part II, Item 8 of our 2024 Annual Report on Form 10-K.

13. Accumulated Other Comprehensive (Loss) Income

A reconciliation of the components of accumulated other comprehensive (loss) income at September 30, 2025 and 2024 is as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Net unrealized investment (losses) gains:				
Beginning of period balance	\$ (142)	\$ (714)	\$ (523)	\$ (632)
Other comprehensive income before reclassifications, net of tax expense of (\$63), (\$263), (\$156), and (\$189), respectively	211	841	514	595
Amounts reclassified from accumulated other comprehensive income, net of tax expense of (\$3), (\$17), (\$28) and (\$65), respectively	9	46	89	210
Other comprehensive income	220	887	603	805
Other comprehensive income attributable to noncontrolling interests, net of tax expense of \$0, \$0, \$0, and \$0, respectively	(2)	—	(4)	—
End of period balance	76	173	76	173
Non-credit components of impairments on investments:				
Beginning of period balance	(4)	(3)	(2)	(3)
Other comprehensive income (loss), net of tax benefit of \$0, \$0, \$1, and \$0, respectively	1	—	(1)	—
End of period balance	(3)	(3)	(3)	(3)
Net cash flow hedges:				
Beginning of period balance	(199)	(205)	(207)	(211)
Other comprehensive income (loss), net of tax benefit (expense) of \$1, \$0, (\$3), and (\$2), respectively	(3)	2	5	8
End of period balance	(202)	(203)	(202)	(203)
Pension and other postretirement benefits:				
Beginning of period balance	(402)	(451)	(399)	(459)
Other comprehensive income, net of tax expense of (\$1), (\$1), (\$10), and (\$3), respectively	4	3	1	11
End of period balance	(398)	(448)	(398)	(448)
Future policy benefits:				
Beginning of period balance	9	9	8	10
Other comprehensive loss, net of tax benefit of \$0, \$0, \$0, and \$0, respectively	(2)	(1)	(1)	(2)
End of period balance	7	8	7	8
Foreign currency translation adjustments:				
Beginning of period balance	(22)	(23)	(24)	(18)
Other comprehensive (loss) income, net of tax expense of \$0, \$0, \$0, and \$0, respectively	(1)	7	1	2
End of period balance	(23)	(16)	(23)	(16)
Total:				
Total beginning of period accumulated other comprehensive loss	(760)	(1,387)	(1,147)	(1,313)
Total other comprehensive income, net of tax expense of (\$66), (\$281), (\$196), and (\$259), respectively	219	898	608	824
Total other comprehensive income attributable to noncontrolling interests, net of tax expense of \$0, \$0, \$0, and \$0, respectively	(2)	—	(4)	—
Total end of period accumulated other comprehensive loss	\$ (543)	\$ (489)	\$ (543)	\$ (489)

14. Shareholders' Earnings per Share

The denominator for basic and diluted shareholders' earnings per share for the three and nine months ended September 30, 2025 and 2024 is as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Denominator for basic shareholders' earnings per share – weighted-average shares	223.3	231.9	225.0	232.3
Effect of dilutive securities – employee stock options, non-vested restricted stock awards and convertible debentures	0.4	1.2	0.6	1.3
Denominator for diluted shareholders' earnings per share	223.7	233.1	225.6	233.6

During the three months ended September 30, 2025 and 2024, weighted-average shares related to certain stock options of 2.2 and 0.5, 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, 2025 and 2024, weighted-average shares related to certain stock options of 1.9 and 0.5, respectively, were excluded from the denominator for diluted earnings per share because the stock options were anti-dilutive.

We have issued approximately 0.6 cumulative restricted stock units under our stock incentive plans, of which vesting is contingent upon us meeting specified annual earnings 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.

15. 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, pharmacy, 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. As a part of Carelon Health, we completed our acquisition of CareBridge at the end of 2024, which provides virtual care to complex Medicaid and Medicare patients and supports plans in managing home and community-based services.

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 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. Certain administrative costs related to affiliate services are charged to the operating segment receiving the benefits and the amounts may change over time. These affiliated revenues are eliminated in our consolidated financial statements. For segment reporting, we present certain Carelon Services capitation risk arrangements on a gross basis; therefore, eliminations also include adjustments for capitated risk arrangements that are recognized on a net basis under GAAP.

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, 2025 and 2024 is as follows:

		Carelton						
	Health Benefits	CarelonRx	Carelon Services	Total	Corporate & Other	Eliminations	Total	
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	
Three Months Ended September 30, 2024								
Premiums	\$ 36,448	\$ —	\$ 680	\$ 680	\$ —	\$ (319)	\$ 36,809	
Product revenue	—	5,887	—	5,887	—	—	5,887	
Service fees	1,830	2	201	203	(10)	—	2,023	
Operating revenue - unaffiliated	38,278	5,889	881	6,770	(10)	(319)	44,719	
Operating revenue - affiliated	—	3,254	3,757	7,011	84	(7,095)	—	
Operating revenue - total	\$ 38,278	\$ 9,143	\$ 4,638	\$ 13,781	\$ 74	\$ (7,414)	\$ 44,719	
Benefit expense	\$ 32,724	\$ —	\$ 3,767	\$ 3,767	\$ 5	\$ (3,547)	\$ 32,949	
Cost of products sold	—	8,336	—	8,336	—	(3,243)	5,093	
Operating expense	3,950	188	687	875	1,068	(624)	5,269	
Operating gain (loss)	\$ 1,604	\$ 619	\$ 184	\$ 803	\$ (999)	\$ —	\$ 1,408	

	Health Benefits	Carelton			Corporate & Other	Eliminations	Total
		CareltonRx	Carelton Services	Total			
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	<u>\$ 125,259</u>	<u>\$ 31,756</u>	<u>\$ 21,301</u>	<u>\$ 53,057</u>	<u>\$ 546</u>	<u>\$ (30,589)</u>	<u>\$ 148,273</u>
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
Nine Months Ended September 30, 2024							
Premiums	\$ 106,926	\$ —	\$ 1,882	\$ 1,882	\$ —	\$ (887)	\$ 107,921
Product revenue	—	15,916	—	15,916	—	—	15,916
Service fees	5,769	4	594	598	11	—	6,378
Operating revenue - unaffiliated	112,695	15,920	2,476	18,396	11	(887)	130,215
Operating revenue - affiliated	—	10,064	10,716	20,780	312	(21,092)	—
Operating revenue - total	<u>\$ 112,695</u>	<u>\$ 25,984</u>	<u>\$ 13,192</u>	<u>\$ 39,176</u>	<u>\$ 323</u>	<u>\$ (21,979)</u>	<u>\$ 130,215</u>
Benefit expense	\$ 93,661	\$ —	\$ 10,409	\$ 10,409	\$ 15	\$ (10,018)	\$ 94,067
Cost of products sold	—	23,749	—	23,749	—	(10,011)	13,738
Operating expense	12,998	596	2,101	2,697	1,476	(1,950)	15,221
Operating gain (loss)	\$ 6,036	\$ 1,639	\$ 682	\$ 2,321	\$ (1,168)	\$ —	\$ 7,189

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, 2025 and 2024 is as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Reportable segments' operating revenue	\$ 50,087	\$ 44,719	\$ 148,273	\$ 130,215
Net investment income	625	551	1,701	1,524
Net losses on financial instruments	(1)	(125)	(596)	(371)
Gain (loss) on sale of business	—	(39)	—	201
Total revenues	<u>\$ 50,711</u>	<u>\$ 45,106</u>	<u>\$ 149,378</u>	<u>\$ 131,569</u>

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, 2025 and 2024 is as follows:

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	2024	2025	2024
Income before income tax expense	\$ 1,406	\$ 1,373	\$ 6,495	\$ 7,298
Net investment income	(625)	(551)	(1,701)	(1,524)
Net losses on financial instruments	1	125	596	371
Gain (loss) on sale of business	—	39	—	(201)
Interest expense	351	300	1,036	845
Amortization of other intangible assets	162	122	464	400
Reportable segments' operating gain	<u>\$ 1,295</u>	<u>\$ 1,408</u>	<u>\$ 6,890</u>	<u>\$ 7,189</u>

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, 2024 and the MD&A included in our 2024 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, 2025 are not necessarily indicative of the results and trends that may be expected for the full year ending December 31, 2025, 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 45.4 million medical members through our affiliated health plans as of September 30, 2025. 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 15, "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 2024 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, new indications of existing prescription drugs, provider contracting inflation, 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 management, and optimizing our clinical strategy to improve effectiveness and lower costs.

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. 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. We have expanded into select service areas in Florida, Maryland, and Texas in 2025, using our Simply Healthcare and Wellpoint brands. 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 plan customers throughout the country and to customers outside of the health plans we own. Our 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, as well as infusion services and injectable therapies.

CarelonRx delegates certain core pharmacy services to CaremarkPCS Health, L.L.C., which is a subsidiary of CVS Health Corporation (“CVS”), pursuant to an agreement (the “CVS Agreement”) with the current contractual term extending through December 31, 2027. We can elect to have CVS continue to provide services to us for a three-year extension period on the same terms and conditions as in the current CVS Agreement in the event of a termination or non-renewal by either party.

For additional discussion regarding business trends, see Part I, Item 1, “Business” included in our 2024 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 contains a variety of provisions that could impact our business and operations including: changes to Medicaid renewal and eligibility rules, such as more frequent redeterminations for beneficiaries receiving coverage through the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, as amended, (collectively, the “ACA”), and a requirement for certain adults made eligible under the ACA, to meet work or community engagement standards; changes to federal requirements regarding Medicaid state directed payments and provider taxes, including taxes on managed care organizations; delays in the implementation of Medicaid final regulations on certain eligibility and enrollment provisions; application of cost sharing to certain services for adults made eligible under the ACA’s Medicaid expansion; reduction of the allowable home equity asset threshold for members seeking eligibility for Medicaid long term care services; authorization of the U.S. Department of Health and Human Services (“HHS”) to approve certain state home and community-based services waivers; elimination of the repayment limit for excess advanced premium tax credits under the ACA; modification of the rules regarding Health Savings Account eligible plans under the ACA and a permanent 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; and establishment of a new Rural Health Transformation program, among other provisions. Additional federal and state guidance is being issued to implement these OBBBA provisions, most of which have effective dates in 2027 and 2028, although some states may look to implement certain of these provisions in 2026.

In addition, in June 2025, the Centers for Medicare and Medicaid Services (“CMS”) finalized the Marketplace Integrity and Affordability Regulation which modifies the ACA exchange open enrollment period beginning in plan year 2027 and eligibility for premium tax credits among other requirements. In September 2025, a federal court delayed the effective dates for several provisions of the Marketplace Integrity and Affordability Regulation pending the resolution of ongoing litigation challenging the legality of those provisions. Also, in September 2025, CMS issued guidance modifying eligibility requirements for ACA catastrophic plans.

In September 2024, the HHS, the U.S. Department of Labor, and the U.S. Department of the Treasury (collectively, 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 will be necessary to assess the full impact of these regulations on our operations and financial results. Litigation has been filed by third parties challenging these final regulations.

The Consolidated Appropriations Act of 2023 decoupled 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. Although most states have completed this process, CMS has provided that states have until December 31, 2025 to complete these eligibility redeterminations.

The Inflation Reduction Act of 2022 (“IRA”) contains a variety of provisions that have impacted, and continue to impact, our business, including by extending the American Rescue Plan Act of 2021’s enhanced Premium Tax Credits (“PTC”) through 2025; imposing a new corporate alternative minimum tax; providing a one percent excise tax on repurchases of stock; allowing CMS to negotiate prices on a limited set of prescription drugs in Medicare effective 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. The extension of the enhanced PTC has allowed for growth in Individual Public Exchange enrollment and has supported continuity of coverage since Medicaid eligibility redeterminations resumed in 2023. If Congress does not act to extend the enhanced PTC, they will expire at the end of 2025, which could have a material adverse effect on our business and results of operations.

The ACA continues to impact our business and results of operations, including pricing, minimum medical loss ratios, and the geographies in which our products are available.

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, which 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 2024 Annual Report on Form 10-K.

Other Significant Items

Business and Operational Matters

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 2025 Star Ratings, which are used for payment year 2026, reflect that approximately 40% of our Medicare Advantage members were enrolled in plans rated at least 4.0 Stars or higher. CMS released our 2026 Star Ratings in October 2025, which will be used to determine our Medicare Advantage bonus payments in 2027. Our 2026 Star Ratings reflect that approximately 55% of our Medicare Advantage members are enrolled in plans rated at least 4.0 Stars or higher.

Business Acquisitions

Investments in Joint Ventures and Completed Acquisitions

On December 31, 2024, we completed our acquisition of Centers Plan for Healthy Living LLC and Centers for Specialty Care Group IPA, LLC (“Centers”). Centers is a managed long-term care plan that serves New York state Medicaid and dual-eligible Medicaid/Medicare members, enabling adults with long-term care needs and disabilities to live safely and independently in their own home. This acquisition aligns with our strategic plan to grow the Health Benefits segment and leverage industry-leading expertise while serving Medicaid and dual-eligible Medicaid/Medicare populations. Measurement period adjustments during the three months ended September 30, 2025 included a \$(39) reduction to goodwill, and a \$39 addition to tangible net assets acquired.

On August 6, 2024, we made an equity investment of \$2,580 that resulted in our minority interest ownership of approximately 35% of Augusta Topco Holdings, L.P. (“Mosaic Health”), a joint venture with Clayton, Dubilier & Rice (“CD&R”) that is designed to accelerate innovation in care delivery across multiple regions in the United States by bringing together certain care delivery and enablement assets of Caelon Management Services Inc (“CMSI Assets”), a Caelon Health business, and two CD&R portfolio businesses, apree health and Millennium Physician Group. Our additional contribution of the CMSI Assets to Mosaic Health was completed on January 1, 2025, for which we received an additional \$300 of equity (approximately 5% ownership) in Mosaic Health.

For additional information, see Note 3, “Business Acquisitions”, Note 5, “Investments”, and Note 6, “Derivative Financial Instruments” of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Quarterly Report on Form 10-Q.

Litigation Matters

We are 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. Cases filed in 28 states were 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 a settlement agreement and release with the subscriber plaintiffs (the “Subscriber Settlement Agreement”), and the ultimate amount paid by the Company under the Subscriber Settlement Agreement was

\$604, which was primarily accrued in 2020. The Subscriber Settlement Agreement and the defendants' payment and non-monetary obligations under the Subscriber Settlement Agreement became effective in June 2024 with the request for the second Blue plan bid provision effective in September 2024. The funds held in escrow will be distributed in accordance with the Subscriber Settlement Agreement.

The BCBSA and the Blue plans approved a settlement agreement and release (the "Provider Settlement Agreement") with the provider plaintiffs, and in October 2024, the provider plaintiffs filed a motion for preliminary approval with the Court. The Court granted preliminary approval of the Provider Settlement Agreement on December 4, 2024. A Final Fairness Hearing was held in July 2025, and the Court issued a Final Approval Order for the Provider Settlement Agreement in August 2025. The Provider Settlement Agreement requires the defendants to make a monetary settlement payment no later than September 18, 2025. Our portion of the monetary settlement payment of \$666 has been paid. The Provider Settlement Agreement also requires that certain non-monetary terms including (i) expansion of certain opportunities to contract with providers in contiguous service areas, (ii) certain prompt pay commitments, and (iii) various technological enhancements to the BlueCard program, be implemented on a timeline set forth in the Provider Settlement Agreement. We recognized our payment obligation under the Provider Settlement Agreement of \$666 in September 2024. A number of follow-on cases involving entities that opted out of the putative Provider Settlement Agreement have been filed.

For additional information regarding the BCBSA Litigation, see Note 11, "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

For the twelve months ended September 30, 2025, total medical membership declined by 0.9%. This was primarily driven by decreases in our BlueCard® business and attrition in Medicaid membership, primarily as a result of eligibility redeterminations. These decreases were partially offset by increases in our Medicare Advantage business.

Operating revenue for the three months ended September 30, 2025 was \$50,087, an increase of \$5,368, or 12.0%, from the three months ended September 30, 2024. Operating revenue for the nine months ended September 30, 2025 was \$148,273, an increase of \$18,058, or 13.9%, from the nine months ended September 30, 2024. The increases for both the three and nine months ended September 30, 2025 were primarily a result of premium rate increases in our Health Benefits segment in recognition of medical cost trends, recent acquisitions, and growth in our Medicare Advantage business, partially offset by Medicaid membership attrition.

Net income for the three months ended September 30, 2025 was \$1,187, an increase of \$179, or 17.8%, from the three months ended September 30, 2024. Net income for the nine months ended September 30, 2025 was \$5,115, a decrease of \$443, or 8.0%, from the nine months ended September 30, 2024. The increase in net income for the three months ended September 30, 2025 was primarily due to decreased losses on financial instruments and decreased income tax expense. The increase was partially offset by higher amortization of other intangible assets and higher interest expense. The decrease in net income for the nine months ended September 30, 2025 was primarily due to decreased operating gain within our Health Benefits segment and increased net losses on financial instruments. The decrease was partially offset by increases in operating gain in our CarelonRx and Carelon Services businesses and decreased income tax expense.

Our fully-diluted shareholders' earnings per share ("EPS") was \$5.32 for the three months ended September 30, 2025, which represented a 22.0% increase from EPS of \$4.36 for the three months ended September 30, 2024. Our EPS was \$22.67 for the nine months ended September 30, 2025, which represented a 4.8% decrease from EPS of \$23.81 for the nine months ended September 30, 2024. The increase in EPS for the three months ended September 30, 2025 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, 2025 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, 2025 and 2024 was \$4,206 and \$5,102, respectively. The decrease in net cash provided by operating activities was primarily due to the Provider Settlement Agreement payment made in September 2025 and lower net income for the nine months ended September 30, 2025.

Membership and Other Metrics

The following table presents our medical membership by customer type as of September 30, 2025 and 2024. 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 2024 Annual Report on Form 10-K.

	September 30			
	2025	2024	Change	% Change
Medical Membership (in thousands)				
Individual	1,354	1,299	55	4.2 %
Employer Group Risk-Based	3,616	3,672	(56)	(1.5)%
Commercial Risk-Based	4,970	4,971	(1)	— %
BlueCard®	6,394	6,677	(283)	(4.2)%
Employer Group Fee-Based	20,608	20,589	19	0.1 %
Commercial Fee-Based	27,002	27,266	(264)	(1.0)%
Medicare Advantage	2,245	2,047	198	9.7 %
Medicare Supplement	877	894	(17)	(1.9)%
Total Medicare	3,122	2,941	181	6.2 %
Medicaid	8,645	8,926	(281)	(3.1)%
Federal Employee Program®	1,630	1,656	(26)	(1.6)%
Total Medical Membership	45,369	45,760	(391)	(0.9)%
Other Membership (in thousands)				
Dental Members	7,364	7,021	343	4.9 %
Dental Administration Members	1,957	1,878	79	4.2 %
Vision Members	10,842	10,382	460	4.4 %
Medicare Part D Standalone Members	217	258	(41)	(15.9)%
Other Metrics (in millions)				
CarelonRx Quarterly Adjusted Scripts	85.0	80.2	4.8	6.0 %
Carelon Services Consumers Served	97.6	101.3	(3.7)	(3.7)%

Medical Membership

The decrease in medical membership was primarily driven by decreases in our BlueCard® business and attrition in Medicaid membership, including as a result of eligibility redeterminations. These decreases were partially offset by increases in our Medicare Advantage 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 increased primarily due to favorable in-

group change with other BCBSA plans associated with FEP®. Vision membership increased due to higher sales in our Employer Group, Medicare Advantage, and Individual health plans.

Consolidated Results of Operations

Our consolidated summarized results of operations and other financial information for the three and nine months ended September 30, 2025 and 2024 are as follows:

	Change							
	Three Months Ended September 30		Nine Months Ended September 30		Three Months Ended September 30		Nine Months Ended September 30	
					2025 vs. 2024		2025 vs. 2024	
	2025	2024	2025	2024	\$	%	\$	%
Total operating revenue	\$50,087	\$44,719	\$148,273	\$130,215	\$ 5,368	12.0 %	\$ 18,058	13.9 %
Net investment income	625	551	1,701	1,524	74	13.4 %	177	11.6 %
Net losses on financial instruments	(1)	(125)	(596)	(371)	124	99.2 %	(225)	(60.6)%
Gain (loss) on sale of business	—	(39)	—	201	39	100.0 %	201	(100.0)%
Total revenues	50,711	45,106	149,378	131,569	5,605	12.4 %	17,809	13.5 %
Benefit expense	38,140	32,949	110,158	94,067	5,191	15.8 %	16,091	17.1 %
Cost of products sold	5,380	5,093	15,656	13,738	287	5.6 %	1,918	14.0 %
Operating expense	5,272	5,269	15,569	15,221	3	0.1 %	348	2.3 %
Other expense ¹	513	422	1,500	1,245	91	21.6 %	255	20.5 %
Total expenses	49,305	43,733	142,883	124,271	5,572	12.7 %	18,612	15.0 %
Income before income tax expense	1,406	1,373	6,495	7,298	33	2.4 %	(803)	(11.0)%
Income tax expense	219	365	1,380	1,740	(146)	(40.0)%	(360)	(20.7)%
Net income	1,187	1,008	5,115	5,558	179	17.8 %	(443)	(8.0)%
Net loss attributable to noncontrolling interests	2	8	—	4	(6)	NM	(4)	NM
Shareholders' net income	\$ 1,189	\$ 1,016	\$ 5,115	\$ 5,562	\$ 173	17.0 %	\$ (447)	(8.0)%
Average diluted shares outstanding	223.7	233.1	225.6	233.6	(9.4)	(4.0)%	(8.0)	(3.4)%
Diluted shareholders' earnings per share	\$ 5.32	\$ 4.36	\$ 22.67	\$ 23.81	\$ 0.96	22.0 %	\$ (1.14)	(4.8)%
Effective tax rate	15.6 %	26.6 %	21.2 %	23.8 %	(1100) bp ³		(260) bp ³	
Benefit expense ratio ²	91.3 %	89.5 %	88.9 %	87.2 %	180 bp ³		170 bp ³	
Operating expense ratio ⁴	10.5 %	11.8 %	10.5 %	11.7 %	(130) bp ³		(120) bp ³	
Income before income tax expense as a percentage of total revenues	2.8 %	3.0 %	4.3 %	5.5 %	(20) bp ³		(120) bp ³	
Shareholders' net income as a percentage of total revenues	2.3 %	2.2 %	3.4 %	4.2 %	10 bp ³		(80) 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, 2025 and 2024 were \$41,791 and \$36,809, respectively. Premiums for the nine months ended September 30, 2025 and 2024 were \$123,949 and \$107,921, 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, 2025 Compared to the Three Months Ended September 30, 2024

Total operating revenue increased primarily as a result of premium rate increases in our Health Benefits segment in recognition of medical cost trends, recent acquisitions, and growth in our Medicare Advantage business, partially offset by Medicaid membership attrition.

Net investment income increased primarily due to higher income from alternative investments, partially offset by lower income from fixed maturity securities.

Net losses on financial instruments decreased due to higher income from fixed maturities and lower impairments on other invested assets.

Benefit expense increased primarily due to higher medical cost trends across all lines of business within our Health Benefits and Carelon Services segments.

Our benefit expense ratio increased primarily as a result of higher cost trend in Medicare, given pronounced Part D seasonality related to the IRA, and Commercial inclusive of Individual and Small Group ACA plans (“Affordable Care Act health plans”).

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 higher script volume and utilization.

Our operating expense ratio decreased primarily due to operating leverage associated with growth in operating revenue.

Other expense increased primarily due to higher interest expense related to our issuance of senior notes during the fourth quarter of 2024. The increase also reflects higher amortization expense due to intangible assets acquired in the fourth quarter of 2024.

Our effective tax rate decreased primarily due to the impact of the certain investment credits and the non-recurrence of a prior year uncertain tax position recognized during the three months ended September 30, 2024.

Our shareholders’ net income as a percentage of total revenues increased in the three months ended September 30, 2025 as compared to the three months ended September 30, 2024 as a result of all factors discussed above.

Nine Months Ended September 30, 2025 Compared to the Nine Months Ended September 30, 2024

Total operating revenue increased primarily as a result of premium rate increases in our Health Benefits segment in recognition of medical cost trends, recent acquisitions, and growth in our Medicare Advantage membership.

Net investment income increased primarily due to higher income from alternative investments, partially offset by lower income from fixed maturity securities.

Net losses on financial instruments increased due to higher losses on other invested assets, partially offset by lower losses from fixed maturity securities sales.

Benefit expense increased primarily due to higher medical cost trend across all lines of business within our Health Benefits and Carelon Services segments, partially offset by a favorable out-of-period settlement from a value-based care provider.

Our benefit expense ratio increased primarily as a result of higher medical cost trend in our Medicare Advantage and Medicaid businesses and Affordable Care Act health plans.

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 higher script volume and utilization.

Operating expense increased primarily due to increases in premium tax expenses and assessments, partially offset by disciplined cost management.

Our operating expense ratio decreased primarily due to operating leverage associated with growth in operating revenue, partially offset by increases in premium tax expenses and assessments.

Other expense increased primarily due to higher interest expense related to our issuance of senior notes during the fourth quarter of 2024. The increase also reflects higher amortization expense due to intangible assets acquired in the fourth quarter of 2024.

Our effective tax rate decreased primarily due to the impact of certain investment credits.

Our shareholders' net income as a percentage of total revenues decreased in the nine months ended September 30, 2025 as compared to the nine months ended September 30, 2024 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 15, "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 15, "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, 2025 and 2024:

	Three Months Ended September 30		Nine Months Ended September 30		Three Months Ended September 30		Nine Months Ended September 30	
					2025 vs. 2024 Change		2025 vs. 2024 Change	
	2025	2024	2025	2024	\$	%	\$	%
Operating Revenue								
Health Benefits	\$42,246	\$38,278	\$125,259	\$112,695	\$ 3,968	10.4 %	\$ 12,564	11.1 %
CarelonRx	10,997	9,143	31,756	25,984	1,854	20.3 %	5,772	22.2 %
Carelon Services	7,324	4,638	21,301	13,192	2,686	57.9 %	8,109	61.5 %
Corporate & Other	149	74	546	323	75	101.4 %	223	69.0 %
Eliminations	(10,629)	(7,414)	(30,589)	(21,979)	(3,215)	43.4 %	(8,610)	39.2 %
Total operating revenue	<u>\$50,087</u>	<u>\$44,719</u>	<u>\$148,273</u>	<u>\$130,215</u>	<u>\$ 5,368</u>	12.0 %	<u>\$ 18,058</u>	13.9 %
Operating Gain (Loss)								
Health Benefits	\$ 601	\$ 1,604	\$ 4,378	\$ 6,036	\$ (1,003)	(62.5)%	\$ (1,658)	(27.5)%
CarelonRx	556	619	1,694	1,639	(63)	(10.2)%	55	3.4 %
Carelon Services	219	184	1,110	682	35	19.0 %	428	62.8 %
Corporate & Other	(81)	(999)	(292)	(1,168)	918	(91.9)%	876	(75.0)%
Total operating gain	<u>\$ 1,295</u>	<u>\$ 1,408</u>	<u>\$ 6,890</u>	<u>\$ 7,189</u>	<u>\$ (113)</u>	(8.0)%	<u>\$ (299)</u>	(4.2)%
Operating Margin								
Health Benefits	1.4 %	4.2 %	3.5 %	5.4 %		(280) bp		(190) bp
CarelonRx	5.1 %	6.8 %	5.3 %	6.3 %		(170) bp		(100) bp
Carelon Services	3.0 %	4.0 %	5.2 %	5.2 %		(100) bp		0 bp
Total operating margin	2.6 %	3.1 %	4.6 %	5.5 %		(50) bp		(90) 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, 2025 and 2024:

	Three Months Ended September 30		Nine Months Ended September 30		Three Months Ended September 30		Nine Months Ended September 30	
					Change		2025 vs. 2024	
	2025	2024	2025	2024	\$	%	\$	%
Health Benefits Operating Revenue								
Commercial ¹	\$12,849	\$11,639	\$ 37,654	\$ 34,965	\$ 1,210	10.4 %	\$ 2,689	7.7 %
Medicare	11,138	9,385	33,990	27,741	1,753	18.7 %	6,249	22.5 %
Medicaid	14,166	13,063	42,120	39,182	1,103	8.4 %	2,938	7.5 %
FEP®	4,093	4,191	11,495	10,807	(98)	(2.3)%	688	6.4 %
Total operating revenue	<u>\$42,246</u>	<u>\$38,278</u>	<u>\$125,259</u>	<u>\$112,695</u>	<u>\$ 3,968</u>	10.4 %	<u>\$ 12,564</u>	11.1 %

¹ Operating revenue within our Commercial line of business related to our Individual ACA plans was \$2,358 and \$2,082 for the three months ended September 30, 2025 and 2024, respectively, and \$7,047 and \$6,178 for the nine months ended September 30, 2025 and 2024, respectively.

Three Months Ended September 30, 2025 Compared to the Three Months Ended September 30, 2024

Health Benefits

Operating revenue increased primarily as a result of higher premium yields driven by premium rate increases in all of our lines of business in recognition of medical cost trends, recent acquisitions and growth in our Medicare Advantage membership, partially offset by lower Medicaid membership.

Operating gain decreased primarily as a result of higher medical cost trends and increased investments to support and strengthen our workforce and accelerate technology adoption, partially offset by higher revenue.

CarelonRx

Operating revenue increased primarily due to higher prescription volume associated with growth in pharmacy membership and revenue related to recent acquisitions.

The decrease in operating gain was primarily driven by expenses associated with the expansion of dispensing services provided by CarelonRx.

Carelon Services

Operating revenue increased primarily due to the acquisition of CareBridge in December 2024 and the continued expansion of risk-based capabilities in our specialty care solutions and behavioral health services.

The increase in operating gain was primarily driven by the acquisition of CareBridge.

Corporate & Other

Operating revenue increased primarily due to higher affiliate revenues.

Operating loss decreased primarily due to a non-recurring accrual recorded during the three months ended September 30, 2024 for the Provider Settlement Agreement associated with the BCBSA Litigation and lower business optimization charges in the three months ended September 30, 2025.

Nine Months Ended September 30, 2025 Compared to the Nine Months Ended September 30, 2024

Health Benefits

Operating revenue increased primarily as a result of higher premium yields driven by premium rate increases in all of our lines of business in recognition of medical cost trends, recently closed acquisitions and growth in our Medicare Advantage membership, partially offset by lower Medicaid membership.

Operating gain decreased primarily as a result of rates for Affordable Care Act health plans and Medicaid being inadequate to cover medical cost trends and increased investments to support and strengthen our workforce and accelerate technology adoption.

CarelonRx

Operating revenue increased primarily due to higher prescription volume associated with growth in pharmacy membership and revenue related to recent acquisitions.

The increase in operating gain was primarily driven by the growth in product revenue, partially offset by expenses associated with the expansion of dispensing and specialty services provided by CarelonRx.

Carelon Services

Operating revenue increased primarily due to the acquisition of CareBridge in December 2024 and the continued expansion of risk-based capabilities in our specialty care solutions and behavioral health services.

The increase in operating gain was primarily driven by improved performance in our post-acute care, specialty care solutions and behavioral health services, as well as the acquisition of CareBridge.

Corporate & Other

Operating revenue increased primarily due to higher affiliate revenues.

Operating loss decreased primarily due to a non-recurring accrual recorded during the nine months ended September 30, 2024 for the Provider Settlement Agreement associated with the BCBSA Litigation and lower business optimization charges in the nine months ended September 30, 2024.

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 2024 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, 2024, 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, 2025, our critical accounting policies and estimates have not changed from those described in our 2024 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, 2025, our critical accounting policies and estimates related to medical claims payable have not changed from those described in our 2024 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, 2025 and 2024, see Note 9, “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, 2025 and 2024, 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	
	2025	2024
Assumed trend factors	\$ 1,035	\$ 664
Assumed completion factors	231	946
Total	<u>\$ 1,266</u>	<u>\$ 1,610</u>

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 favorable development recognized in the nine months ended September 30, 2024 resulted from favorable development in the completion factors resulting from the latter part of 2023 developing faster than expected as well as trend factors in late 2023 developing more favorably than originally expected.

The ratio of current year medical claims paid as a percent of current year net medical claims incurred was 86.3% and 85.4% for the nine months ended September 30, 2025 and 2024, respectively. This ratio serves as an indicator of claims processing speed whereby speed for claims payments was slightly faster during the nine months ended September 30, 2025 as compared to the nine months ended September 30, 2024.

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, 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. For the nine months ended September 30, 2024, this metric was 11.3%, driven by both favorable completion factor development from 2023 and favorable trend factor development at the end of 2023.

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, 2025, this metric was 1.0%, which was calculated using the redundancy of \$1,266. For the nine months ended September 30, 2024, the comparable metric was 1.3%, which was calculated using the redundancy of \$1,610. 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 business divestitures, 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 2024 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, 2025, see Note 5, “Investments,” Note 6, “Derivative Financial Instruments,” Note 10, “Debt,” and Note 12, “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, 2025 and 2024 is as follows:

	Nine Months Ended September 30		
	2025	2024	Change
Sources of Cash:			
Net cash provided by operating activities	\$ 4,206	\$ 5,102	\$ (896)
Proceeds from the sale of subsidiaries, net of cash sold	—	399	(399)
Purchases of subsidiaries, net of cash acquired	55	—	55
Issuances of short- and long-term debt, net of repayments	659	1,915	(1,256)
Changes in securities lending payable	576	158	418
Proceeds from issuance of common stock under employee stock plans	21	205	(184)
Changes in bank overdrafts	77	—	77
Total sources of cash	5,594	7,779	(2,185)
Uses of Cash:			
Purchases of investments, net of proceeds from sales, maturities, calls and redemptions	(412)	(1,614)	1,202
Purchases of subsidiaries, net of cash acquired	—	(1,124)	1,124
Repurchase and retirement of common stock	(2,134)	(1,089)	(1,045)
Purchases of property and equipment	(823)	(934)	111
Cash dividends	(1,152)	(1,135)	(17)
Changes in securities lending collateral	(576)	(160)	(416)
Changes in bank overdrafts	—	(172)	172
Other uses of cash, net	(73)	(193)	120
Total uses of cash	(5,170)	(6,421)	1,251
Effect of foreign exchange rates on cash and cash equivalents	1	2	(1)
Net increase in cash and cash equivalents	\$ 425	\$ 1,360	\$ (935)

The decrease in net cash provided by operating activities was primarily due to the Provider Settlement Agreement payment made in September 2025 and lower net income for the nine months ended September 30, 2025.

Other significant sources of cash year-over-year included decreased purchases of investments, net of proceeds from sales, maturities, calls, and redemptions, lower amounts for purchases of subsidiaries, net of cash acquired, changes in bank overdrafts and decreased purchases of property and equipment. Other significant uses of cash year-over-year included a decrease in issuance of short- and long-term debt, net of repayments and increased amounts for the repurchase and retirement of common stock.

We maintained a strong financial condition and liquidity position, with consolidated cash, cash equivalents and investments in fixed maturity and equity securities of \$37,327 at September 30, 2025. Since December 31, 2024, total cash, cash equivalents and investments in fixed maturity and equity securities increased by \$1,611, primarily due to lower amounts for purchases of subsidiaries, net of cash acquired, changes in bank overdrafts and decreased purchases of property and equipment. This increase was partially offset by decreased cash generated by issuances of short- and long-term debt, net of repayments, increased amounts for the repurchase and retirement of common stock and decreased cash generated from operations.

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, 2025, we held \$2,647 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 10, “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 42.1% and 43.0% as of September 30, 2025 and December 31, 2024, 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. On September 5, 2025, we amended and restated the credit agreement for the 5-Year Facility to, among other things, extend the maturity date of the 5-Year Facility from April 2027 to September 2030 and increase the amount of credit available under the 5-Year Facility from \$4,000 to \$5,000. 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 amended and restated credit agreement for the 5-Year Facility. As of September 30, 2025, our debt-to-capital ratio, as defined and calculated under the 5-Year Facility, was 42.1%. We do not believe the restrictions contained in our 5-Year Facility covenants materially affect our financial or operating flexibility. As of September 30, 2025, 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 \$4,000, 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 no commercial paper outstanding at either September 30, 2025 or December 31, 2024.

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 \$180 and \$365 of outstanding short-term borrowings from the FHLBs as of September 30, 2025 and December 31, 2024, 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, 2025, see Note 5, “Investments,” Note 6, “Derivative Financial Instruments,” Note 10, “Debt,” and Note 12, “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, 2024, 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 22, “Statutory Information,” in our audited consolidated financial statements as of and for the year ended December 31, 2024 included in Part II, Item 8 of our 2024 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 2024 Annual Report on Form 10-K. For additional updates regarding our estimated long-term liquidity requirements, see Note 6, “Derivative Financial Instruments,” Note 10, “Debt,” and the “*Other Contingencies*” and “*Contractual Obligations and Commitments*” sections of Note 11, “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” 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 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 2024 Annual Report on Form 10-K. There have been no material changes to any of these risks since December 31, 2024.

ITEM 4. CONTROLS AND PROCEDURES

We carried out an evaluation as of September 30, 2025, 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, 2025 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, 2025, see the “*Litigation and Regulatory Proceedings*” and “*Other Contingencies*” sections of Note 11, “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 2024 Annual Report on Form 10-K, which could materially affect our business, financial condition or future results. The risks described in our 2024 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 2024 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
<i>(in millions, except share and per share data)</i>				
July 1, 2025 to July 31, 2025	944,457	\$ 306.12	943,688	\$ 7,753
August 1, 2025 to August 31, 2025	1,289,067	295.88	1,288,796	7,372
September 1, 2025 to September 30, 2025	652,318	314.80	651,709	7,166
	<u>2,885,842</u>		<u>2,884,193</u>	

- 1 Total number of shares purchased includes 1,649 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, 2025, we repurchased 2,884,193 shares at an aggregate cost of \$875 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, 2025, 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

<u>Exhibit Number</u>	<u>Exhibit</u>
3.1	<u>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.</u>
3.2	<u>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.</u>
4.4 (dd)	Form of 4.000% Notes due 2028, incorporated by reference to Exhibit 4.2 to the Company's Current Report on Form 8-K filed on September 15, 2025.
(ee)	Form of 4.600% Notes due 2032, incorporated by reference to Exhibit 4.3 to the Company's Current Report on Form 8-K filed on September 15, 2025.
(ff)	Form of 5.000% Notes due 2036, incorporated by reference to Exhibit 4.4 to the Company's Current Report on Form 8-K filed on September 15, 2025.
(gg)	Form of 5.700% Notes due 2055, incorporated by reference to Exhibit 4.5 to the Company's Current Report on Form 8-K filed on September 15, 2025.
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.
10.9 (e) *	<u>Form of Employment Agreement between the Company and each of the following: Erin M. Wessling and Ryan R. Craig.</u>
31.1	<u>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.</u>
31.2	<u>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.</u>
32.1	<u>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.</u>
32.2	<u>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.</u>
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.
*	Indicates management contracts or compensatory plans or arrangements.

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, 2025

By: /s/ MARK B. KAYE
Mark B. Kaye
Executive Vice President and Chief Financial Officer
(Duly Authorized Officer and Principal Financial Officer)

October 21, 2025

By: /s/ RONALD W. PENCZEK
Ronald W. Penczek
Chief Accounting Officer and Controller
(Principal Accounting Officer)