

# Elevance Health

## 3Q 2025 Earnings Presentation

October 21, 2025



# Key Highlights

## 1 3Q 2025 Results & 2025 Outlook

### Elevance Health third quarter operational results consistent with expectations

- Benefit expense ratio of 91.3% in line with revised outlook
- Adjusted diluted EPS<sup>1</sup> of \$6.03 reflects ~\$1 of higher net investment income and timing of certain tax benefits
- **Reaffirm full year adjusted diluted EPS<sup>1</sup> guidance of ~\$30**, including a benefit expense ratio of ~90.0% and ~\$3 of discrete, non-core items

## 2 2026 Considerations

### Providing insight into key planning assumptions; earnings guidance to be set in January:

- Disciplined positioning across **Medicare Advantage, Commercial, and Individual ACA** businesses
- **Medicaid operating margin expected to decline by at least 125 basis points year-over-year**, as rate increases lag acuity and utilization trends
- **Medicare Advantage membership** impacted by approximately 150k members from service area and plan exits; **2026 bids prioritize pricing discipline and sustainable margin profile**
- **Carelon expected to deliver continued strong growth** across both Pharmacy and Health Services; results will be impacted by **Health Benefits membership trends**, with the full impact assessed in January
- **Several hundred million dollars of incremental investments** to scale Carelon, advance our AI and digital strategy, and improve Star ratings
- **2026 investments and Carelon expansion** position Elevance Health for **balanced earnings growth in 2027**

## 3 Strategic Focus Areas



- **Scaling our enterprise flywheel through Carelon's** differentiated value-based care solutions
- **Demonstrating steady improvement in Star ratings performance**, with ~55% of Medicare Advantage members in 4-Star or higher contracts for payment year 2027, up from ~40%; three contracts achieved a 5-Star rating
- **Expanding digital innovation** such as HealthOS, AI-enabled clinical support, and our digital virtual assistant to increase access to care, reduce costs, and create greater efficiency
- **Deploying capital opportunistically**, with a near-term focus on share repurchases

1. See "GAAP Reconciliation" on slides 12 and 13 herein.

## 3Q 2025 Results

Elevance Health	3Q 2025	3Q 2024	Change (%/bps)
Operating Revenue <sup>1</sup>	\$50.1B	\$44.7B	12.0%
Benefit Expense Ratio	91.3%	89.5%	180 bps
Adjusted Operating Expense Ratio <sup>1,2</sup>	10.4%	9.4%	100 bps
Adjusted Operating Gain <sup>1,2</sup>	\$1.3B	\$2.5B	(45.3%)
Adjusted Operating Margin <sup>1,2</sup>	2.7%	5.5%	(280) bps
Net Investment Income	\$625M	\$551M	13.4%
Adjusted Diluted EPS <sup>2</sup>	\$6.03	\$8.60	(29.9%)
Operating Cash Flow	\$1.1B	\$2.7B	(\$1.5B)

### Key Highlights

- **Elevance Health third quarter results reflect solid execution as we focus on the levers within our control to deliver sustainable, long-term performance**
- **Operating revenue** of \$50.1B grew 12.0%, due to higher premium yields in Health Benefits, recently closed acquisitions, and Medicare Advantage membership growth, partly offset by Medicaid reverifications
- **Benefit expense ratio** of 91.3% consistent with expectations and reflecting elevated cost trend across lines of business
- **Adjusted operating expense ratio** of 10.4% includes targeted strategic investments while maintaining cost discipline
- **Operating cash flow** of \$1.1B impacted by BCBSA Provider Settlement Agreement payment

# 3Q 2025 Results

Health Benefits	3Q 2025	3Q 2024	Change (%/bps)
Operating Revenue <sup>1</sup>	\$42.2B	\$38.3B	10.4%
Adjusted Operating Gain <sup>1,2</sup>	\$0.6B	\$1.6B	(63.0%)
Adjusted Operating Margin <sup>1,2</sup>	1.4%	4.2%	(280) bps
Membership	45.4M	45.8M	(0.9%)

## Key Highlights

- **Health Benefits results were consistent with expectations; reflect incremental investments to support our long-term performance**
- **Operating revenue** grew 10.4% year over year, driven by higher premium yields, recently closed acquisitions, and growth in Medicare Advantage membership, partly offset by Medicaid reverifications
- **Adjusted operating margin** of 1.4% declined by 280 bps due to elevated, but anticipated, medical cost trends and incremental investments to support our workforce and accelerate technology adoption
- **Membership of 45.4M** reflects lower BlueCard membership and ongoing Medicaid reverifications, offset by targeted growth and higher retention rates in Medicare Advantage



1. See “Basis of Presentation” on slide 11 herein.  
2. See “Reportable Segment Highlight Details” on slide 14 herein.

# 3Q 2025 Results

Carelon	3Q 2025	3Q 2024	Change (%/bps)
Operating Revenue <sup>1</sup>	\$18.3B	\$13.8B	32.9%
Adjusted Operating Gain <sup>1,2</sup>	\$0.8B	\$0.9B	(9.5%)
Adjusted Operating Margin <sup>1,2</sup>	4.2%	6.2%	(200) bps
Adjusted Scripts	85.0M	80.2M	6.0%
Consumers Served	97.6M	101.3M	(3.7%)

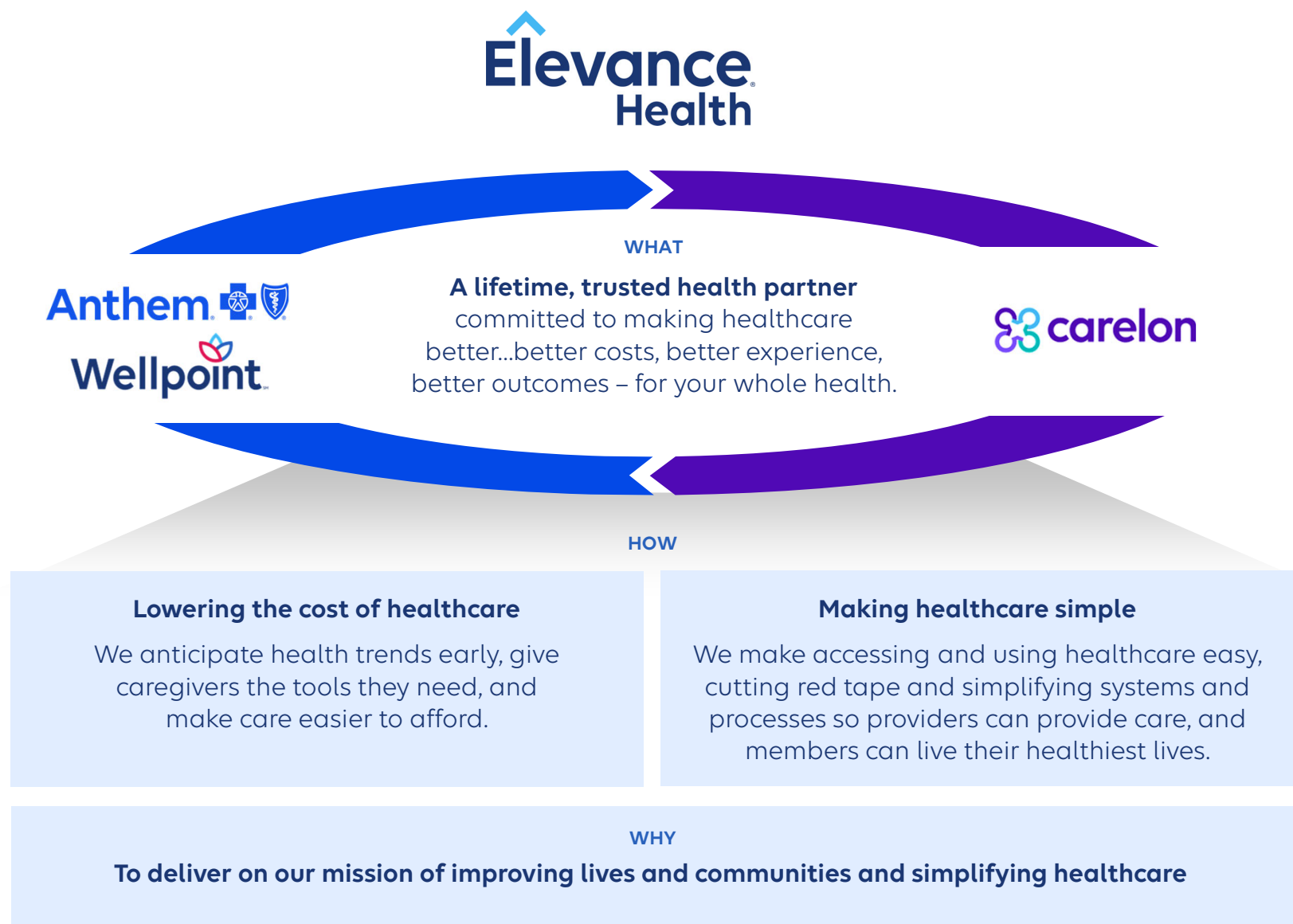
## Key Highlights

- **Carelon’s results driven by strength of our integrated platform and continued execution across Pharmacy and Services, with investments to sustain growth**
- **CarelonRx operating revenue grew ~20%** driven by momentum with large clients and recent specialty pharmacy acquisitions; operating margin reflects planned integration and technology investments to support growth
- **Carelon Services revenue up ~60%** supported by CareBridge integration and expansion of risk-based and home-health capabilities; operating margin reflects expected seasonality and continued scaling of the platform



1. See “Basis of Presentation” on slide 11 herein.  
2. See “Reportable Segment Highlight Details” on slide 14 herein.

# Elevance Health is a Lifetime, Trusted Health Partner



# Flywheel Supports Our Long-Term Growth Algorithm

## Health Benefits

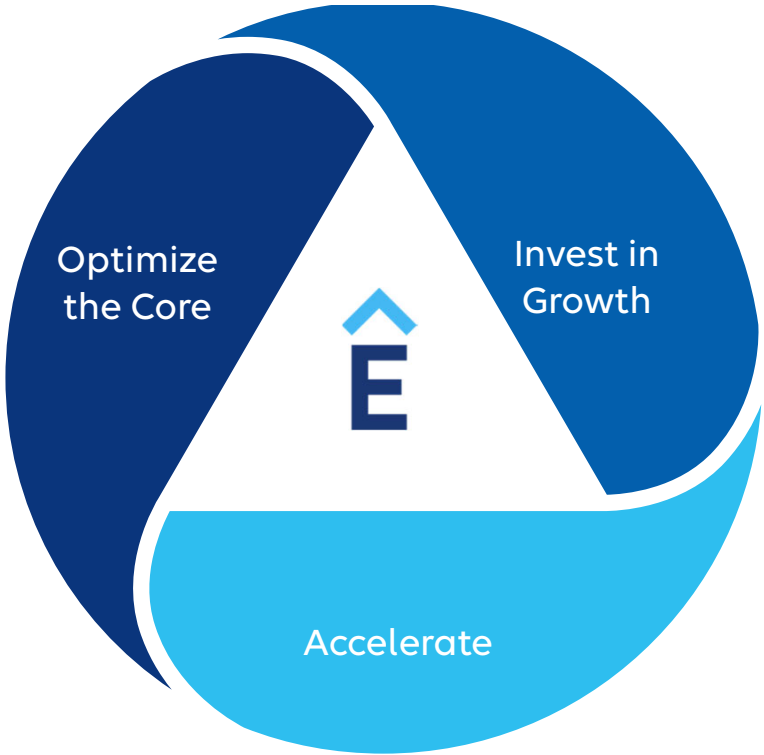


Over 45M medical members balanced across commercial, Medicaid, Medicare, and the Federal Employee Program, leveraging the assets and capabilities of Carelon to accelerate growth

## Health Services



As an integrated portfolio of whole health solutions serving approximately 100M consumers, Carelon connects care across physical, behavioral, social, home health, and pharmacy needs to bend the cost curve, enhance consumer experiences, and deliver whole health, affordably



**Targeting at least 12% average annual growth in Adjusted Diluted Earnings Per Share**



# Long-Term Growth Algorithm

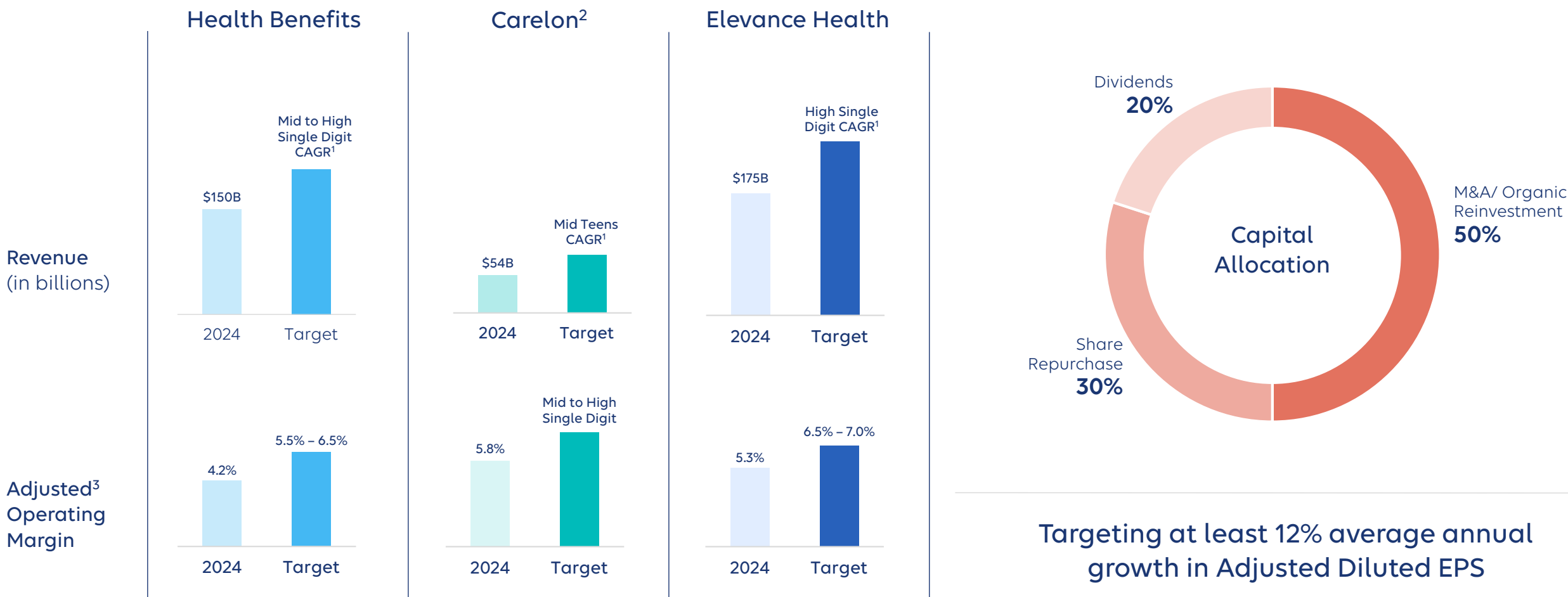
Targeting at least 12% average annual growth in Adjusted Diluted EPS



1. CAGR = Compound Annual Growth Rate Target.



# Committed to Strong Growth Over the Long-Term



1. CAGR = Compound Annual Growth Rate Target.

2. The CAGR target for revenue and the operating margin target for Carelon includes: (i) a low double-digit revenue CAGR and 6.0% – 6.5% operating margin target for CarelonRx, and (ii) a high teens to low twenties revenue CAGR and mid to high single digit operating margin for Carelon Services.

3. See “GAAP Reconciliation” on slides 12 and 13 herein.



# 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.



# Non-GAAP Measures and Basis of Presentation

This document references non-GAAP measures. These non-GAAP measures are intended to aid investors when comparing Elevance Health's financial results among periods and are not intended to be alternatives to any measure calculated in accordance with GAAP. Reconciliations of these non-GAAP measures to the most directly comparable measures calculated in accordance with GAAP are available on Slides 12-13 of this document.

Operating revenue and operating gain/loss are the key measures used by management to evaluate performance in each of its reporting segments, allocate resources, set incentive compensation targets and to forecast future operating performance. Operating gain/loss is calculated as total operating revenue less benefit expense, cost of products sold and operating expense. It does not include net investment income, net gains/losses on financial instruments, interest expense, amortization of other intangible assets and gains/losses on extinguishment of debt or income taxes, as these items are managed in a corporate shared service environment and are not the responsibility of operating segment management. Operating Margin is defined as operating gain divided by operating revenue. Each of these measures is provided to further aid investors in understanding and analyzing Elevance Health's operating and financial results.

# Elevance Health GAAP Reconciliation — Shareholders’ Net Income and Shareholders’ Earnings Per Diluted Share

	Three Months Ended Sep 30			Nine Months Ended Sep 30		
(In millions, except per share data)	2025	2024	Change	2025	2024	Change
Shareholders' net income	\$1,189	\$1,016	17.0%	\$5,115	\$5,562	(8.0)%
Add / (Subtract):						
Amortization of other intangible assets	162	122		464	400	
Transaction and integration related costs <sup>1</sup>	49	42		182	158	
Litigation and settlement expenses <sup>1</sup>	4	669		19	680	
Net losses on financial instruments	1	125		596	371	
Business dispositions and related items <sup>2</sup>	—	72		—	191	
(Gain) loss on sale of business	—	39		—	(201)	
Business optimization charges <sup>1</sup>	(4)	268		(4)	268	
Tax impact of non-GAAP adjustments	(52)	(348)		(307)	(482)	
Net adjustment items	160	989		950	1,385	
Adjusted shareholders' net income	\$1,349	\$2,005	(32.7)%	\$6,065	\$6,947	(12.7)%
Shareholders' earnings per diluted share	\$5.32	\$4.36	22.0%	\$22.67	\$23.81	(4.8)%
Add / (Subtract):						
Amortization of other intangible assets	0.72	0.52		2.06	1.71	
Transaction and integration related costs <sup>1</sup>	0.22	0.18		0.81	0.68	
Litigation and settlement expenses <sup>1</sup>	0.02	2.87		0.08	2.91	
Net losses on financial instruments	—	0.54		2.64	1.59	
Business dispositions and related items <sup>2</sup>	—	0.31		—	0.82	
(Gain) loss on sale of business	—	0.17		—	(0.86)	
Business optimization charges <sup>1</sup>	(0.02)	1.15		(0.02)	1.15	
Tax impact of non-GAAP adjustments	(0.23)	(1.49)		(1.36)	(2.06)	
Net adjustment items	0.71	4.24		4.21	5.93	
Adjusted shareholders' earnings per diluted share	\$6.03	\$8.60	(29.9)%	\$26.88	\$29.74	(9.6)%
	Three Months Ended Sep 30			Nine Months Ended Sep 30		
(In millions)	2025	2024	Change	2025	2024	Change
Income before income tax expense	\$1,406	\$1,373	2.4%	\$6,495	\$7,298	(11.0)%
Net investment income	(625)	(551)		(1,701)	(1,524)	
(Gain) loss on sale of business	—	39		—	(201)	
Net losses on financial instruments	1	125		596	371	
Interest expense	351	300		1,036	845	
Amortization of other intangible assets	162	122		464	400	
Reportable segments operating gain	\$1,295	\$1,408	(8.0)%	\$6,890	\$7,189	(4.2)%

1. Adjustment item resides in the Corporate & Other reportable segment.
2. Adjustment item resides in the Health Benefits and Carelon Services reportable segments.
3. Totals may not foot due to rounding.

# Elevance Health GAAP Reconciliation — Operating Gain, Operating Expense Ratio, and 2025 Outlook

(In millions)	Three Months Ended Sep 30		Change	Nine Months Ended Sep 30		Change
	2025	2024		2025	2024	
Reportable segments operating gain	\$1,295	\$1,408	(8.0)%	\$6,890	\$7,189	(4.2)%
Add / (Subtract):						
Transaction and integration related costs <sup>1</sup>	49	42		182	158	
Litigation and settlement expenses <sup>1</sup>	4	669		19	680	
Business dispositions and related items <sup>2</sup>	—	72		—	191	
Business optimization charges <sup>1</sup>	(4)	268		(4)	268	
Net adjustment Items	49	1,051		197	1,297	
Reportable segments adjusted operating gain	\$1,344	\$2,459	(45.3)%	\$7,087	\$8,486	(16.5)%

(In millions)	Three Months Ended Sep 30		Change	Nine Months Ended Sep 30		Change
	2025	2024		2025	2024	
Operating expense	\$5,272	\$5,269	0.1%	\$15,569	\$15,221	2.3%
Add / (Subtract):						
Transaction and integration related costs <sup>1</sup>	(49)	(42)		(182)	(158)	
Litigation and settlement expenses <sup>1</sup>	(4)	(669)		(19)	(680)	
Business dispositions and related items <sup>2</sup>	—	(72)		—	(191)	
Business optimization charges <sup>1</sup>	4	(268)		4	(268)	
Net adjustment items	(49)	(1,051)		(197)	(1,297)	
Adjusted operating expense	\$5,223	\$4,218	23.8%	\$15,372	\$13,924	10.4%
Operating revenue	\$50,087	\$44,719	12.0%	\$148,273	\$130,215	13.9%

Operating expense ratio	10.5%	11.8%	(130) bp	10.5%	11.7%	(120) bp
Adjusted operating expense ratio	10.4%	9.4%	100 bp	10.4%	10.7%	(30) bp

	Full Year 2025
	Outlook
Shareholders' earnings per diluted share	Approximately \$24.70
Add / (Subtract):	
Amortization of other intangible assets <sup>3</sup>	\$2.98
Net losses on financial instruments <sup>3</sup>	\$2.90
Transaction and integration related costs <sup>1,3</sup>	\$1.03
Litigation and settlement expenses <sup>1,3</sup>	\$0.10
Business optimization charges <sup>1</sup>	(\$0.02)
Tax impact of non-GAAP adjustments <sup>3</sup>	Approximately (\$1.69)
Net adjustment items	\$5.30
Adjusted shareholders' earnings per diluted share	Approximately \$30.00

1. Adjustment item resides in the Corporate & Other reportable segment.
2. Adjustment item resides in the Health Benefits and Carelon Services reportable segments.
3. Adjustment item represents the midpoint of a projected range and serves as the estimated full year adjustment amount.



# Elevance Health

## Reportable Segment & Health Benefits Revenue Details

Elevance Health has four reportable segments: Health Benefits (comprised of Individual, Employer Group risk-based, Employer Group fee-based, BlueCard®, Medicare, Medicaid, and Federal Employee Program businesses); CarelonRx; Carelon Services; and Corporate & Other (comprised of businesses that do not individually meet the quantitative thresholds for an operating division as well as corporate expenses not allocated to our other reportable segments).

(In millions, Unaudited)	Three Months Ended Sep 30			Nine Months Ended Sep 30		
	2025	2024	Change	2025	2024	Change
<b>Operating Revenue</b>						
Health Benefits	\$42,246	\$38,278	10.4%	\$125,259	\$112,695	11.1%
CarelonRx	10,997	9,143	20.3%	31,756	25,984	22.2%
Carelon Services	7,324	4,638	57.9%	21,301	13,192	61.5%
Corporate & Other	149	74	101.4%	546	323	69.0%
Eliminations	(10,629)	(7,414)	NM <sup>6</sup>	(30,589)	(21,979)	NM <sup>6</sup>
<b>Total Operating Revenue<sup>1</sup></b>	<b>\$50,087</b>	<b>\$44,719</b>	<b>12.0%</b>	<b>\$148,273</b>	<b>\$130,215</b>	<b>13.9%</b>
<b>Operating Gain (Loss)</b>						
Health Benefits <sup>2</sup>	\$601	\$1,604	(62.5)%	\$4,378	\$6,036	(27.5)%
CarelonRx	556	619	(10.2)%	1,694	1,639	3.4%
Carelon Services <sup>2</sup>	219	184	19.0%	1,110	682	62.8%
Corporate & Other <sup>2,3</sup>	(81)	(999)	NM <sup>6</sup>	(292)	(1,168)	NM <sup>6</sup>
<b>Total Operating Gain<sup>1,4</sup></b>	<b>\$1,295</b>	<b>\$1,408</b>	<b>(8.0)%</b>	<b>\$6,890</b>	<b>\$7,189</b>	<b>(4.2)%</b>
<b>Operating Margin</b>						
Health Benefits	1.4%	4.2%	(280) bp	3.5%	5.4%	(190) bp
CarelonRx	5.1%	6.8%	(170) bp	5.3%	6.3%	(100) bp
Carelon Services	3.0%	4.0%	(100) bp	5.2%	5.2%	— bp
<b>Total Operating Margin<sup>1</sup></b>	<b>2.6%</b>	<b>3.1%</b>	<b>(50) bp</b>	<b>4.6%</b>	<b>5.5%</b>	<b>(90) bp</b>

(In millions, Unaudited)	Three Months Ended Sep 30			Nine Months Ended Sep 30		
	2025	2024	Change	2025	2024	Change
<b>Health Benefits Operating Revenue</b>						
Commercial	\$12,849	\$11,639	10.4%	\$37,654	\$34,965	7.7%
Individual <sup>5</sup>	2,358	2,082	13.3%	7,047	6,178	14.1%
Medicare	11,138	9,385	18.7%	33,990	27,741	22.5%
Medicaid	14,166	13,063	8.4%	42,120	39,182	7.5%
Federal Employee Program	4,093	4,191	(2.3)%	11,495	10,807	6.4%
<b>Total Health Benefits Operating Revenue<sup>1</sup></b>	<b>\$42,246</b>	<b>\$38,278</b>	<b>10.4%</b>	<b>\$125,259</b>	<b>\$112,695</b>	<b>11.1%</b>

- See "Basis of Presentation" on slide 11 herein.
- Operating Gain for the three and nine months ended September 30, 2024, included \$72 and \$191 million, respectively, of 2024 business dispositions and related items; including \$53 and \$141 million, respectively, for the Carelon Services segment; and \$19 and \$50 million, respectively, for the Health Benefits segment. Operating Gain for the three and nine months ended September 30, 2024, included \$42 and \$158 million, respectively, of transaction and integration related costs, \$669 and \$680 million, respectively, of litigation and settlement expenses, and \$268 and \$268 million, respectively, of business optimization charges, all of which reside in the Corporate & Other reportable segment.
- Operating Gain for the three and nine months ended September 30, 2025, included \$49 and \$182 million, respectively, of transaction and integration related costs, \$4 and \$19 million, respectively, of litigation and settlement expenses, and (\$4) and (\$4), respectively, of business optimization charges, all of which reside in the Corporate & Other reportable segment.
- Operating Gain for the three and nine months ended September 30, 2025, and September 30, 2024, included items excluded from adjusted shareholders' net income. See "GAAP Reconciliation" on slides 12 and 13 herein.
- The Individual business, including ACA products, is reported as part of Commercial Operating Revenue.
- "NM" = calculation not meaningful.



