Elevance Health Inc

Fischbeck Focus: Why ELV struck a different tone on MA vs peers

Reiterate Rating: BUY | PO: 580.00 USD | Price: 473.67 USD

25 January 2024

Equity

Strong quarter could help put floor to group sentiment

ELV delivered a surprisingly clean end to 2023 and issued 2024 guidance which we think feels like it has more areas of potential conservatism (particularly on MLR) than peers. Following the quarter, we are raising our EPS ests and rolling out 2026 estimates. Our $580 PO now represents 15.6x 2024E EPS vs 15.7x prior. Reiterate Buy.

More insulated on MA, had been pricing for margins

To us, the main surprise in the quarter was the outlier performance on MLR (Medical Loss Ratio) in 2023 which appears to be carrying into 2024. In essence, we think ELV is saying that they are not seeing the MA (Medicare Advantage) utilization pressures that almost every other major insurer is facing. In our view, ELV likely is seeing the same pressure as everyone else, but since its margins were below target in 2022, it had already priced for 100s of basis points of margin improvement in 2023/2024. This has given them the cushion to weather the higher trend and still report flattish MA earnings. For 2024 since MA was priced for margin, ELV should be well insulated from seeing any additional pressures that peers may face.

Medicaid outperformance; CNC, MOH, OSCR readthroughs

Meanwhile, MA only represents 20% of premiums at ELV, whereas Medicaid is closer to 50%. Of note, Medicaid margins were projected to decline this year, but ended up outperforming, more than offsetting any shortfall in MA earnings. However, the company is more exposed to downside from Medicaid redeterminations which, if it continues at the current rates of declines reported by Kaiser, would likely represent some downsides to membership estimates, likely mitigated by exchange growth and the fact that margins could outperform again. We view the outperformance on Medicaid margins in 2023 as a positive read through for Centene (CNC) and Molina (MOH) Q4. However, seeing ELV take down its Medicaid enrollment targets for 2024 means potential revenue pressures for these Medicaid names. Finally, the higher Medicaid disenrollment is likely positive for exchange membership upside (positive for Oscar Health (OSCR) and CNC).

Estimates (Dec) (US$)	2022A	2023A	2024E	2025E	2026E
EPS	29.05	33.11	37.10	41.51	46.51
GAAP EPS	24.81	25.21	35.70	40.03	44.94
EPS Change (YoY)	11.9%	14.0%	12.1%	11.9%	12.0%
Consensus EPS (Bloomberg)			37.05	41.24	46.56
DPS	5.12	5.92	6.52	6.52	6.52
Valuation (Dec)					
P/E	16.3x	14.3x	12.8x	11.4x	10.2x
GAAP P/E	19.1x	18.8x	13.3x	11.8x	10.5x
Dividend Yield	1.1%	1.2%	1.4%	1.4%	1.4%

Key Changes

(US$)	Previous	Current
2024E Rev (m)	174,438.1	172,161.5
2025E Rev (m)	185,159.5	182,615.0
2026E Rev (m)	NA	198,691.3
2024E EPS	37.00	37.10
2025E EPS	41.41	41.51
2026E EPS	NA	46.51
2024E DPS	5.92	6.52

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Stock Data

Price	473.67 USD
Price Objective	580.00 USD
Date Established	13-Dec-2023
Investment Opinion	B-1-7
52-Week Range	412.00 USD - 508.78 USD
Mrkt Val (mn) / Shares Out (mn)	111,691 USD / 235.8
Free Float	99.7%
Average Daily Value (mn)	556.08 USD
BofA Ticker / Exchange	ELV / NYS
Bloomberg / Reuters	ELV US / ELV.N
ROE (2024E)	20.3%
Net Dbt to Eqty (Dec-2023A)	47.2%
ESGMeter™	High

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "BofA ESGMeter Methodology".

Refer to important disclosures on page 9 to 11. Analyst Certification on page 7. Price Objective Basis/Risk on page 7.
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iQprofile[SM] Elevance Health Inc

Income Statement Data (Dec)

(US$ Millions)	2022A	2023A	2024E	2025E	2026E
Total Earned Premiums	155,660	170,209	172,161	182,615	198,691
Net Investment Income	NA	NA	NA	NA	NA
Total Revenue	**155,660**	**170,209**	**172,161**	**182,615**	**198,691**
Total Cost of Benefits and Claims	(116,487)	(124,330)	(124,294)	(131,159)	(142,627)
S,G & A (Including Commissions)	0	0	0	0	0
Total Operating Expenses	**(129,522)**	**(141,623)**	**(142,527)**	**(151,215)**	**(164,690)**
Pre-Tax Operating Earnings	**26,138**	**28,586**	**29,635**	**31,400**	**34,002**
Income Tax Expense	(1,750)	(1,724)	(2,489)	(2,757)	(3,057)
Operating Earnings After Tax	**7,053**	**7,862**	**8,662**	**9,571**	**10,591**
Net Income (Reported)	**6,025**	**5,987**	**8,334**	**9,230**	**10,235**
Diluted Shares	243	237	233	231	228
Operating Earnings Per Share	29.05	33.11	37.10	41.51	46.51
Net Income (Reported) Per Share	24.81	25.21	35.70	40.03	44.94

Balance Sheet Data (Dec)

(US$ Millions)	2022A	2023A	2024E	2025E	2026E
Fixed Income Securities	NA	NA	NA	NA	NA
Total Cash and Investments	34,292	36,369	39,236	39,236	39,236
Total Assets	**102,772**	**108,928**	**113,957**	**113,957**	**113,957**
Reserves	15,596	16,111	16,552	16,552	16,552
LT Debt	22,349	23,246	22,746	22,746	22,746
Total Liabilities	**66,378**	**69,523**	**67,978**	**67,978**	**67,978**
Total Equity	**36,394**	**39,405**	**45,979**	**45,979**	**45,979**
Total Equity (Ex FAS 115)	**36,394**	**39,405**	**45,979**	**45,979**	**45,979**
Book Value per Share (Reported)	149.89	165.95	196.94	199.41	201.91
Book Value per Share (Ex FAS 115)	NA	NA	NA	NA	NA

Ratios (Dec)

(US$ Millions)	2022A	2023A	2024E	2025E	2026E
Expense Ratio	0%	0%	0%	0%	0%
Loss Ratio	74.8%	73.0%	72.2%	71.8%	71.8%
Combined Ratio	**74.8%**	**73.0%**	**72.2%**	**71.8%**	**71.8%**
Avg Assets / Avg Eq (Ex FAS 115) Ratio	2.8x	2.8x	2.6x	2.5x	2.5x

Growth Rates (YoY) (Dec)

(US$ Millions)	2022A	2023A	2024E	2025E	2026E
Total Earned Premium	13.7%	9.3%	1.1%	6.1%	8.8%
Net Investment Income	NA	NA	NA	NA	NA
Total Revenue	13.7%	9.3%	1.1%	6.1%	8.8%
Operating Earnings per Share	11.9%	14.0%	12.1%	11.9%	12.0%
Asset	5.5%	6.0%	4.6%	0%	0%
Reported Book Value per Share	2.4%	10.7%	18.7%	1.3%	1.3%

Performance Metrics (Dec)

(US$ Millions)	2022A	2023A	2024E	2025E	2026E
Operating ROE	19.5%	20.7%	20.3%	20.8%	23.0%
Operating ROE (Ex FAS 115)	19.5%	20.7%	20.3%	20.8%	23.0%
Operating Return on Average Assets	7.0%	7.4%	7.8%	8.4%	9.3%
Operating Margin	4.5%	4.6%	5.0%	5.2%	5.3%
Long Term Debt to Cap Ratio (Ex FAS 115)	38.0%	37.1%	33.1%	33.1%	33.1%
Net Income % Operating Income	85.4%	76.2%	96.2%	96.4%	96.6%
Amtz of DAC % Pretax Profit bef Amtz of DAC	0%	0%	0%	0%	0%

Company Sector

Managed Health Care

Company Description

Elevance Health is one of the largest managed care organizations in the U.S. with offerings in the commercial (large and small employer), Medicare, Medicaid and individual markets. The company operates Blue Cross & Blue Shield plans in 14 states.

Investment Rationale

Our Buy rating reflects our view that ELV is positioned to show mid-teens EPS growth given its scale and growing services segment, with additional upside from returning to target commercial margins.

Stock Data

Average Daily Volume	1,173,981

Quarterly Earnings Estimates

	2023	2024
Q1	9.46A	10.40E
Q2	9.04A	10.02E
Q3	8.99A	9.98E
Q4	5.62A	6.70E

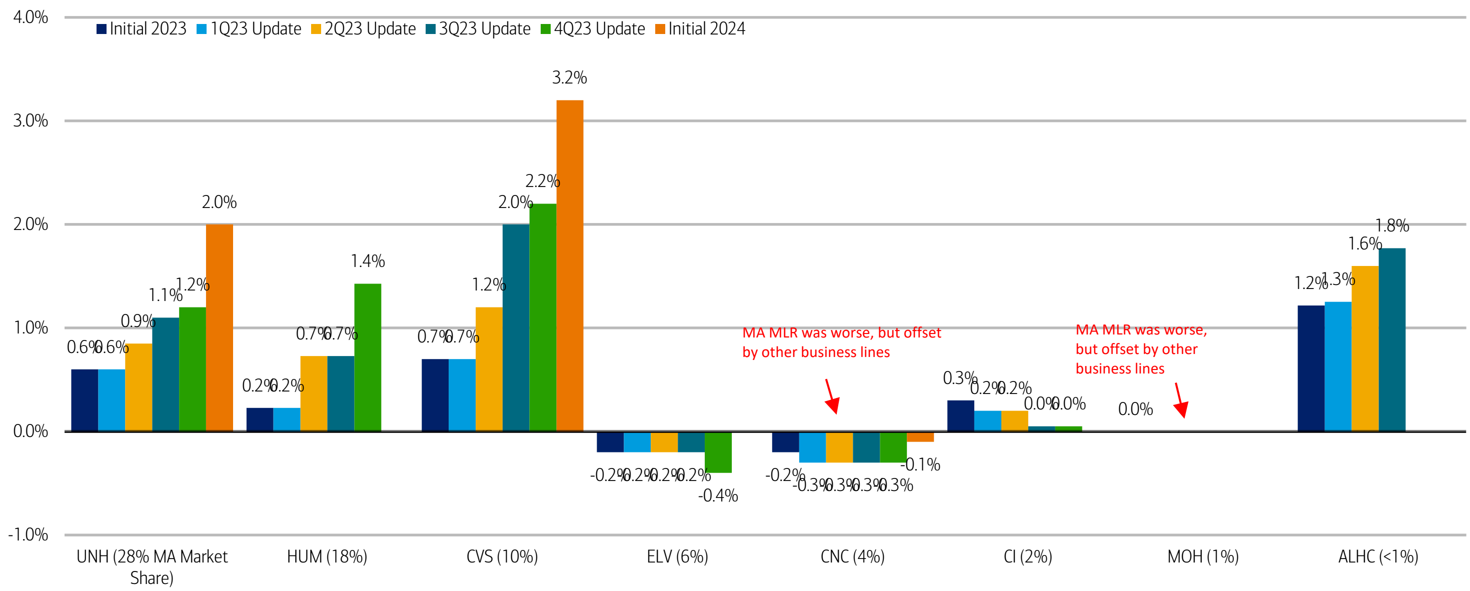
Fischbeck Focus: Differentiated MLR

In the Fischbeck Focus section, we choose a theme to explore in more detail, either in response to recent investor questions or because of an unexpected development in the quarter. This quarter, we focus on parsing through the disclosures and commentary at ELV to understand what drove the outlier performance vs peers.

ELV is the only public company 'not seeing' MA pressures

Heading into the quarter, three of the largest Medicare Advantage insurers had been raising concerns around utilization trends in 2023, and all three had missed on MLR by >100-200bps vs initial guidance. Therefore, investors with whom we spoke were worried a similar type of negative surprise could occur at ELV. With that backdrop in mind, the fact ELV actually ended up beating on MLR for the year and assuring investors that the elevated costs in MA were in-line with budgeted expectations, led to some questions regarding how it could be so insulated.

Exhibit 1: ELV is the only public MCO with exposure to MA that isn't seeing a trend issue impact results
Difference between most current MLR guidance/results at time of update versus 2022 results by company



Source: Company Filings, BofA Global Research. Note: UNH: UnitedHealth, HUM: Humana, CVS: CVS Health, CNC: Centene, CI: Cigna, MOH: Molina, ALHC: Alignment Healthcare

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Throughout pandemic, ELV has had <3% margins in MA

The critical piece of context is that during the pandemic, ELV has seen significant margin compression on both its commercial business, as well as in MA to the point where its margins have consistently gravitated below even the low end of its target range.

> "On the other hand, you've got Medicare Advantage, we unfortunately have been at the low end and even slightly below our target margin range [3%-5%] during the pandemic. And so we expect some margin opportunities there." **– 2023 Investor Day**

Had expected recovery in 2023, but didn't materialize

To correct this, the company explicitly communicated to investors that it had already expected to be 'solidly' within the 3-5% range during 2023. However, on the most recent earnings call the company stated that it was still below the bottom of the range. Therefore, definitionally the margins in MA did not materialize the way the company had expected.

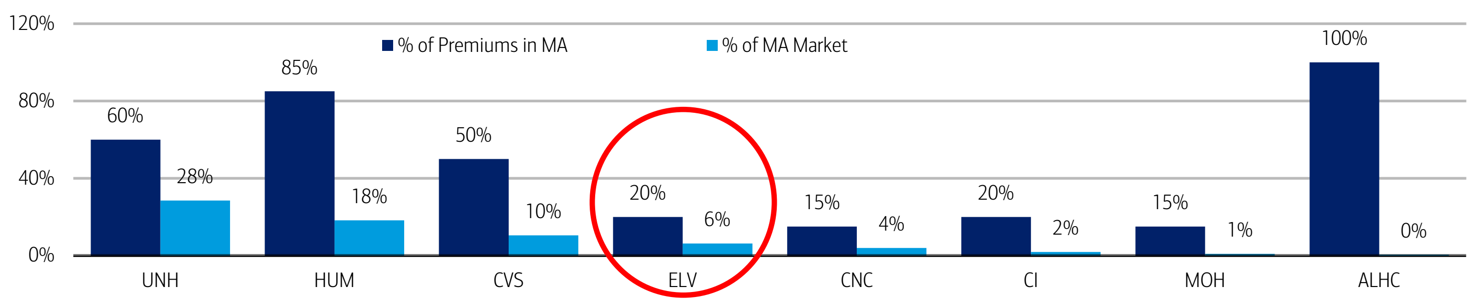
"…we believe our Medicare Advantage business will be solidly within the target margin range of 3% to 5% [in 2023]". **– 4Q22 Earnings Call**

"And then Medicare Advantage for now is below our long-term target margin range." **– 4Q23 Earnings Call**

MA margins worse vs expectations, but likely flattish y/y

ELV pointed to some other factors that pressured 2023 margins, such as specific markets where ELV was uncompetitive, and called out pressures in Puerto Rico. However, it is hard to believe that all of the major insurers miss estimated trend and ELV was the only outlier. More likely we think what happened is that, since the company was already pricing for margin, instead of seeing margin compression and negative earnings growth in MA, earnings were flat. Importantly, the company likely planned to push further on margins in 2024, and therefore even a scenario when industry margins compress again, it is likely ELV could continue to see flattish earnings instead.

Exhibit 2: ELV much less exposed to MA than its larger peers
Medicare Advantage premium mix and market share by MCO, 2023



Source: Company Filings, BofA Global Research

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Medicaid margins came in better to offset it

Meanwhile Medicaid, which comprises closer to 50% of ELV's premiums, appeared to have performed much better than expected. In the exact opposite way, the company postured that into 2023 margins would compress back into its 2-4% target range, after operating above it for the length of the pandemic. However, on the recent earnings call, the company talked about margins 'normalizing' into 2024, implying that instead of compressing in 2023, it likely still generates above average profits. Therefore, since Medicaid is >2x the size of the MA book, its outperformance was more than able to offset any MLR pressure from MA.

"We were making either at or above the high end of our range here in the last couple of years, which obviously resulted in MLR collars and various other rebates being paid back to the states. We expect that the Medicaid business will be solidly within the 2% to 4% range [in 2023] closer to the high end, but still with actuarial equivalent rates." **– 4Q22 Earnings Call**

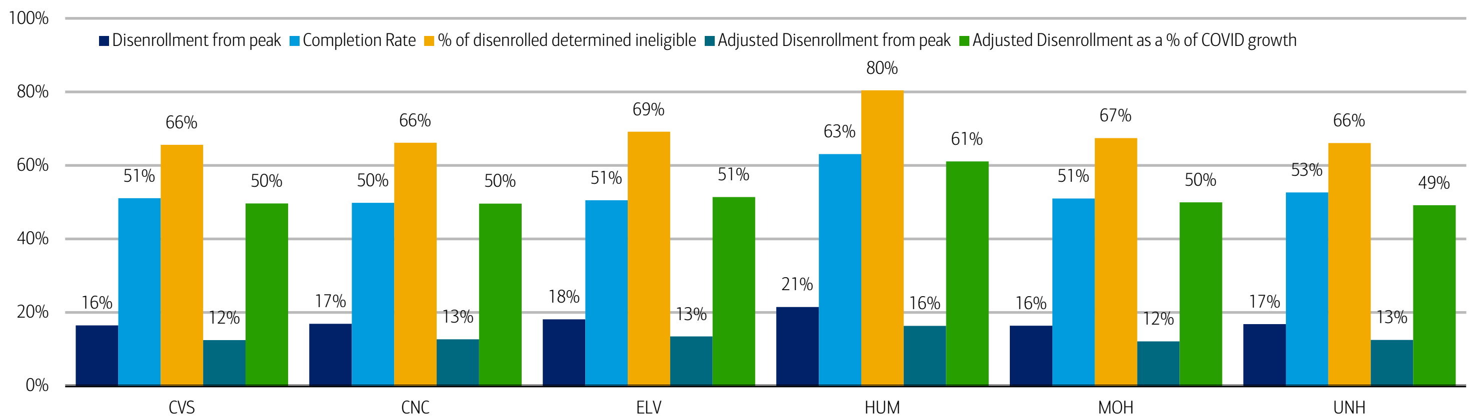
"Our outlook for 2024 does assume a normalization of Medicaid margins. We already have line of sight into about 70% of Medicaid premiums for 2024, and we are comfortable with the actuarial soundness of the underlying rates, especially understanding the acuity for leavers versus stayers." **– 4Q23 Earnings Calls**

Redeterminations remains a swing factor

While margins in Medicaid seem to be tracking better than anyone had expected initially, and ELV built more of a negative cushion into 2024, the ongoing redeterminations are likely still the biggest area of uncertainty for the company. ELV claims that the process is nearly 2/3 complete, though public data seems to suggest closer to 50%. Meanwhile, even though it only appears to be halfway over, it appears the states have already shed 70% of PHE enrollment gains in ELV's states which is what the company is the full impact.

Exhibit 3: Public data doesn't fully align with commentary and expectations

Key metrics for tracking Medicaid redeterminations progress based on publicly available data, weighted by insurer state footprints



Source: Kaiser, CMS, BofA Global Research

Note: Disenrollment represents the number of people removed from Medicaid, tracked against the peak enrollment of a state or against the number of members gained since the start of COVID. The completion rate indicates the number of people whose eligibility have been reverified (and either kicked off or maintained) as a percentage of the total Medicaid population in state. Finally, our adjusted disenrollment assumes that 30% of members removed from Medicaid due to procedural disenrollment eventually rejoin while 15% of those found ineligible also rejoin.

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ELV may not end up keeping any gains if rate of disenrollment continues

If we were to assume that the data from Kaiser is accurate, and that roughly half of the process is still ongoing, it implies that whatever disenrollment the industry has seen thus far should nearly double. Using the data we have, it implies ELV could actually end the process with less members than it started with. However, we note that Kaiser does not track re-enrollment, and therefore the net results could be better. If we assume that 30% of members disenrolled for procedural reasons rejoin and 15% of those determined ineligible eventually rejoin, it would imply that ELV could lose 100% of its PHE enrollment gains by the end of the process.

To be fair, ELV may have more robust company specific data than our broader industry analysis captures. Additionally, this simple math assumes that the 2nd half of the redeterminations process would see the same level of disenrollment as the 1st half, which may not be true since states typically check the eligibility of members most likely to be ineligible first. For example, if during the 2nd half of the process, only 20% of members checked are disenrolled on a net basis vs 51% in the 1st half, then ELV would hit its estimates.

Exhibit 6: ELV may not end up keeping any membership gained during COVID if rate of disenrollment continues

Estimating downside case for ELV based on Kaiser data to date

	ELV
Estimated number of members gained from PHE	2,800,000
Retention Rate Expectation	30%
Number of members expected to be retained	840,000
Tracked disenrollment rate in market to date	69%
Completion rate in markets to date	51%
Implied disenrollment rate by end of process	137%
Extrapolated number of PHE members retained	-1,031,668
Estimated net disenrollment rate in market	51%
Completion rate in markets to date	51%
Implied net disenrollment rate by end of process	102%
Extrapolated number of PHE members retained	-46,588

Source: Kaiser, CMS, BofA Global Research, Company Filings

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Conclusion: ELV was in the right place at the right time

To us, the main surprise in the quarter was the outlier performance on MLR in 2023 which appears to be carrying into 2024, against the backdrop of almost every other major insurer facing pressures in MA which ELV claims it isn't seeing. In our view, ELV likely is seeing the same pressure as everyone else, but instead of seeing MA earnings decline y/y, since it had already priced for 100s of basis points of margin improvement in 2023/2024 (for reasons unrelated to forecasting excess utilization), instead it is facing flattish MA earnings.

Meanwhile, MA only represents 20% of premiums at ELV, whereas Medicaid is closer to 50%. In contrast, Medicaid margins were projected to decline this year, but ended up outperforming, more than offsetting any shortfall in MA earnings. For 2024 since MA was priced for margin, ELV should be well insulated from seeing any additional pressures that peers may face. However, the company is more exposed to downside from Medicaid redeterminations which, if it continues at the current rates of declines reported by Kaiser, would likely represent some downsides to membership estimates, offset by the fact that margins could outperform again.

Price objective basis & risk

Elevance Health Inc (ELV)

Our $580 PO is based on 15.6x our 2024E EPS, above the 5YR average of 14.3x, reflecting more diversified business mix, multiple levers to grow (commercial margins, growing services business) and favorable backdrop broadly for MCOs.

Risks to the downside are a quicker-than-expected rebound in utilization, a more competitive pricing environment, Medicaid redetermination impact on revenue/MLR, and government rate pressure.

Risks to the upside are better-than-expected enrollment growth, upside from capital deployment, lower-than-expected utilization, and faster-than-expected growth in the services businesses.

Analyst Certification

I, Kevin Fischbeck, CFA, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

US - Facilities, Hospitals and Managed Healthcare Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	Acadia Healthcare	ACHC	ACHC US	Kevin Fischbeck, CFA
	Addus HomeCare	ADUS	ADUS US	Joanna Gajuk
	Agilon Health	AGL	AGL US	Adam Ron
	Chemed Corporation	CHE	CHE US	Joanna Gajuk
	Elevance Health Inc	ELV	ELV US	Kevin Fischbeck, CFA
	Encompass Health	EHC	EHC US	Kevin Fischbeck, CFA
	HCA	HCA	HCA US	Kevin Fischbeck, CFA
	Humana Inc	HUM	HUM US	Kevin Fischbeck, CFA
	Option Care Health	OPCH	OPCH US	Joanna Gajuk
	Oscar Health	OSCR	OSCR US	Adam Ron
	Privia Health	PRVA	PRVA US	Adam Ron
	Select Medical Corp.	SEM	SEM US	Kevin Fischbeck, CFA
	Service Corp.	SCI	SCI US	Joanna Gajuk
	Surgery Partners, Inc	SGRY	SGRY US	Kevin Fischbeck, CFA
	Tenet Healthcare	THC	THC US	Kevin Fischbeck, CFA
	The Cigna Group	CI	CI US	Kevin Fischbeck, CFA
	UnitedHealth Group	UNH	UNH US	Kevin Fischbeck, CFA
	Universal Health Services	UHS	UHS US	Kevin Fischbeck, CFA
	US Physical Therapy	USPH	USPH US	Joanna Gajuk
NEUTRAL				
	Alignment Healthcare	ALHC	ALHC US	Adam Ron
	AMN Healthcare	AMN	AMN US	Kevin Fischbeck, CFA
	Apollo Medical	AMEH	AMEH US	Adam Ron
	Brookdale	BKD	BKD US	Joanna Gajuk
	Centene Corporation	CNC	CNC US	Kevin Fischbeck, CFA
	Molina Healthcare, Inc.	MOH	MOH US	Kevin Fischbeck, CFA
UNDERPERFORM				
	AdaptHealth Corp.	AHCO	AHCO US	Joanna Gajuk
	Agiliti Health Inc	AGTI	AGTI US	Kevin Fischbeck, CFA
	Cross Country Healthcare	CCRN	CCRN US	Kevin Fischbeck, CFA
	DaVita Inc	DVA	DVA US	Kevin Fischbeck, CFA
	Enhabit Home Health & Hospice	EHAB	EHAB US	Joanna Gajuk
	Pediatrix Medical Group, Inc.	MD	MD US	Kevin Fischbeck, CFA

iQmethod SM Measures Definitions

Business Performance	Numerator	Denominator
Return On Capital Employed	NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization	Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill Amortization
Return On Equity	Net Income	Shareholders' Equity
Operating Margin	Operating Profit	Sales
Earnings Growth	Expected 5 Year CAGR From Latest Actual	N/A
Free Cash Flow	Cash Flow From Operations – Total Capex	N/A
Quality of Earnings	**Numerator**	**Denominator**
Cash Realization Ratio	Cash Flow From Operations	Net Income
Asset Replacement Ratio	Capex	Depreciation
Tax Rate	Tax Charge	Pre-Tax Income
Net Debt-To-Equity Ratio	Net Debt = Total Debt – Cash & Equivalents	Total Equity
Interest Cover	EBIT	Interest Expense
Valuation Toolkit	**Numerator**	**Denominator**
Price / Earnings Ratio	Current Share Price	Diluted Earnings Per Share (Basis As Specified)
Price / Book Value	Current Share Price	Shareholders' Equity / Current Basic Shares
Dividend Yield	Annualised Declared Cash Dividend	Current Share Price
Free Cash Flow Yield	Cash Flow From Operations – Total Capex	Market Cap = Current Share Price × Current Basic Shares
Enterprise Value / Sales	EV = Current Share Price × Current Shares + Minority Equity + Net Debt + Other LT Liabilities	Sales
EV / EBITDA	Enterprise Value	Basic EBIT + Depreciation + Amortization

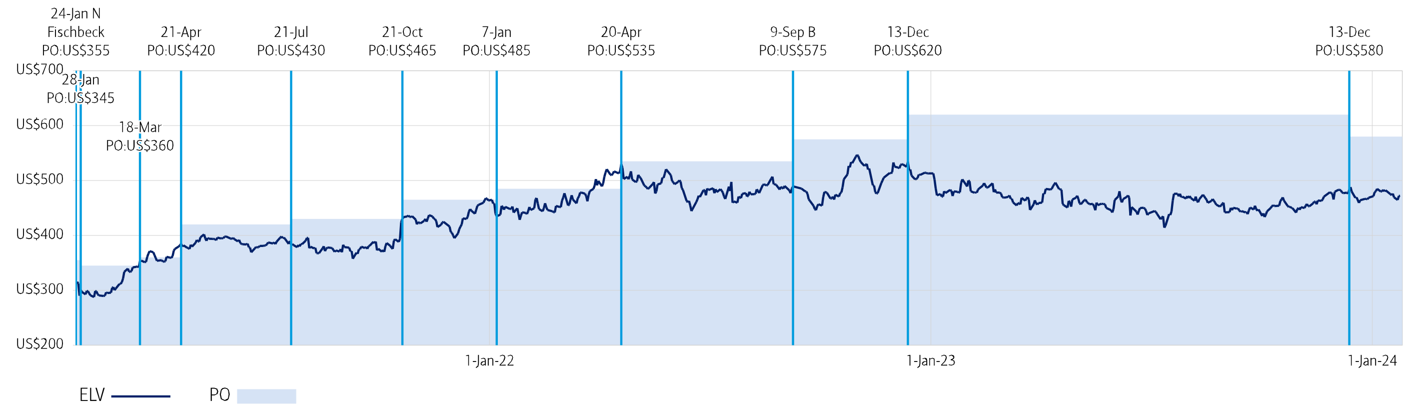
iQmethod SM is the set of BofA Global Research standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and validations. The key features of iQmethod are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

iQdatabase ® is our real-time global research database that is sourced directly from our equity analysts' earnings models and includes forecasted as well as historical data for income statements, balance sheets, and cash flow statements for companies covered by BofA Global Research.

Disclosures

Important Disclosures

Elevance Health Inc (ELV) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Equity Investment Rating Distribution: Health Care Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	234	60.94%	Buy	115	49.15%
Hold	80	20.83%	Hold	36	45.00%
Sell	70	18.23%	Sell	29	41.43%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships [R1]	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

[R1] Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

FUNDAMENTAL EQUITY OPINION KEY: Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. VOLATILITY RISK RATINGS, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. INVESTMENT RATINGS reflect the analyst's assessment of both a stock's absolute total return potential as well as its attractiveness for investment relative to other stocks within its Coverage Cluster (defined below). Our investment ratings are: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. An investment rating of 6 (No Rating) indicates that a stock is no longer trading on the basis of fundamentals. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster[R2]
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

[R2]Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

INCOME RATINGS, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend. *Coverage Cluster* is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent BofA Global Research report referencing the stock.

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BofAS or an affiliate was a manager of a public offering of securities of this issuer within the last 12 months: Elevance Health Inc.
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