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BDMP Assurance, LLP

Board of Directors
Kentucky Health Benefit Exchange

We have audited the financial statements of Kentucky Health Benefit Exchange (KHBE) as of and for the year ended June 30, 2025, and have issued our report thereon dated June 4, 2026. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated March 5, 2026, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles (U.S. GAAP). Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of the system of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of KHBE's internal control over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of KHBE solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

U.S. GAAP provides for certain required supplemental information (RSI) to supplement the basic financial statements. Our responsibility with respect to management's discussion and analysis on pages 4 through 7 and the RSI on pages 27 through 31, which supplement the basic financial statements, is to apply certain limited procedures in accordance with U.S. generally accepted auditing standards (U.S. GAAS). However, the RSI was not audited and, because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

In our engagement letter, we identified the risks we expected would meet the definition of “significant risk” pursuant to U.S. GAAS, which is a risk toward the upper end of the risk spectrum based on its likelihood and potential magnitude. Through conclusion of our audit of the financial statements, we have not identified any additional significant risks.

Qualitative Aspects of KHBE’s Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by KHBE is included in Note 1 to the financial statements. As discussed in Note 1 to the financial statements, during the year ended June 30, 2025, KHBE adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statements No. 101, *Compensated Absences* (GASB 101), and No. 102 *Certain Risk Disclosures* (GASB 102). GASB 101 establishes standards of accounting and financial reporting for (a) compensated absences and (b) associated salary-related payments, including certain defined contribution pensions and defined contribution other postemployment benefits. GASB 102 requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. There was no impact on KHBE's financial statements from the adoption of the new accounting pronouncements. The application of existing policies was not otherwise changed during the year ended June 30, 2025. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates and Related Disclosures

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management’s current judgments.

The most sensitive accounting estimates affecting the financial statements were:

- The estimates used in the calculation of the other post-employment benefits (OPEB) liability and related amounts, which is based on actuarially determined amounts and KHBE’s allocable portion of the OPEB plan’s audited liability; and
- The estimates used in the calculation of the net pension liability and related amounts, which is based on actuarially determined amounts and KHBE’s allocable portion of the pension plan’s audited liability.

We evaluated the factors and assumptions used to develop the above estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting KHBE's financial statements relate to:

- The disclosures relating to employee pension plan in Note 8 to the financial statements.
- The disclosures relating to OPEB in Note 9 to the financial statements.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no significant unusual transactions identified as a result of our audit procedures.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management: we recorded entries to correct understatements of cash by $2,646,670, net OPEB liability by $12,532, deferred outflows related to pensions of $28,119, and accounts payable by $125,018, and overstatements of accounts receivable by $2,771,688, assessment fees by $3,752,277, and expenses by $3,767,864.

Disagreements with Management

For purposes of this communication, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to KHBE's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the letter dated as of the date of this communication.

Management Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with KHBE, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting KHBE, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as KHBE's auditors.

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We sincerely appreciate the cooperation, courtesy, and working environment provided to our personnel by management and the employees of KHBE during out engagement.

This communication is intended solely for the information and use of the Board of Directors and management and others within KHBE and is not intended to be, and should not be, used by anyone other than these specified parties.

BDMP Assurance, LLP

Manchester, New Hampshire
June 4, 2026