Risk Factors Comparison 2025-02-18 to 2024-02-20 Form: 10-K

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You should carefully consider the risks described below before making an investment decision. The trading price of our common stock could decline, and our results of operations, financial condition and cash flows could be materially adversely affected due to any of these risks, in which case you could lose all or part of your investment. You should also refer to the other information in this filing, including our consolidated financial statements and related notes. The risks and uncertainties described below are those that we currently believe may materially affect our Company. Additional risks and uncertainties that we are unaware of or that we currently deem immaterial also may become important factors that affect our Company. Risks Relating to Our Business Failure to accurately estimate and price our medical expenses or effectively manage our medical costs or related administrative costs could have a material adverse effect on our results of operations, financial condition and cash flows. Our profitability depends to a significant degree on our ability to accurately estimate and effectively manage expenses related to health benefits through, among other things, our ability to contract favorably with hospitals, physicians and other healthcare providers. For example, our government- sponsored health programs revenue is often based on bids submitted before the start of the initial contract year. If our actual medical expenses exceed our estimates, our health benefits ratio (HBR), or our expenses related to medical services as a percentage of premium revenues, would increase and our profits would decline. Because of the narrow margins of our health plan business, relatively small changes in our HBR can create significant changes in our financial results. Changes in healthcare regulations and practices, the level of utilization of healthcare services, out- of- network utilization and pricing, medical claim submission patterns, hospital and pharmaceutical costs, including new high- cost specialty drugs, unexpected events, such as natural disasters, the effects of climate change, acts of war or aggression, geopolitical instability, major epidemics, pandemics and their resurgence, or newly emergent diseases, new medical technologies, increases in provider fraud and other external factors, including general economic conditions such as interest rates, inflation and unemployment levels, are generally beyond our control and could reduce our ability to accurately predict and effectively control the costs of providing health benefits. Also, member behavior could continue to be influenced by the uncertainty surrounding the ACA, including potential ~~further legal challenges to the ACA or potential~~ changes in premium subsidies **, including due to changes in the eligibility or amount of enhanced advance premium tax credits for Marketplace products. In addition, as a result of the expiration of the public health emergency (PHE) due to the COVID- 19 pandemic, and the resulting Medicaid redeterminations process, we have experienced a higher HBR related to the remaining members, due to the acuity profile of this membership, as well as the gaps in eligibility for certain members who have rejoined the Medicaid plans. While we continue to work with our state partners to match rates to acuity post- redeterminations, such rate adjustments may be delayed or insufficient to offset the increased acuity** . Our medical expenses include claims reported but not paid, estimates for claims incurred but not reported (IBNR), and estimates for the costs necessary to process unpaid claims at the end of each period. Our development of the medical claims liability estimate is a continuous process that we monitor and refine on a monthly basis as claims receipts and payment information as well as inpatient acuity information becomes available. As more complete information becomes available, we adjust the amount of the estimate, and include the changes in estimates in medical expenses in the period in which the changes are identified. Given the extensive judgment and uncertainties inherent in such estimates, there can be no assurance that our medical claims liability estimate will be accurate, and any adjustments to the estimate may unfavorably impact our results of operations and financial condition and may be material. Assumptions and estimates are utilized in establishing premium deficiency reserves. For example, we have established a premium deficiency reserve in connection with the ~~2024~~ **2025** Medicare Advantage business as of December 31, ~~2023~~ **2024** . If our assumptions are inaccurate, we may be required to increase our premium deficiency reserves which could have a material adverse effect on our results of operations and financial condition. Additionally, when we commence operations in a new state or region or launch a new product, we have limited information with which to estimate our medical claims liability. For a period of time after the inception of the new business, we base our estimates on government- provided historical actuarial data and limited actual incurred and received claims and inpatient acuity information. The addition of new categories of eligible individuals, as well as evolving Health Insurance Marketplace plans, may pose difficulty in estimating our medical claims liability. From time to time in the past, our actual results have varied from our estimates, particularly in times of significant changes in the number of our members. If it is determined that our estimates are significantly different than actual results, our results of operations and financial condition could be materially adversely affected. In addition, if there is a significant delay in our receipt of premiums, our business operations, cash flows or earnings could be negatively impacted **Any failure to adequately** price or anticipate demand for products offered,anticipate changes to the competitive landscape or any reduction in products offered for Medicare Advantage and in the Health Insurance Marketplace may have a material adverse effect on our results of operations,financial condition and cash flows.In the Health Insurance Marketplace,we may be adversely impacted if we have not accurately predicted the health needs of our members,including **due to** individuals exiting the market causing the morbidity of the risk pool to rise without a proportionate change to risk adjustment.In addition,the risk adjustment provisions of the ACA established to apportion risk amongst insurers may not be effective in appropriately mitigating the financial risks related to the Health Insurance Marketplace product,are affected by our members' acuity relative to the membership acuity of other insurers and are subject to a high degree of estimation and variability,including estimation of the ultimate level of program funding based on the financial performance of other ~~insurers~~ **participants** .Further,changes in the competitive market for both Health Insurance Marketplace and the Medicare Advantage products over time,changes to member eligibility in the program design ~~,including due~~

~~to changes to the eligibility or amount of the enhanced advanced premium tax credits and the timing of those changes,additional program integrity initiatives that have the effect of reducing membership~~ or changes in the financial incentives of individuals,brokers and competitors to participate in such products may make pricing difficult to predict.For example,competitors may introduce pricing,broker incentives or broker distribution channels that we may not be able to match,which may adversely affect our ability to compete effectively.Competitors may also choose to exit the market altogether or otherwise suffer financial difficulty,which could adversely impact the pool of potential insured,affect collectability of risk adjustment payable or require us to increase premium rates.Any significant variation from our expectations regarding acuity,enrollment levels,adverse selection,out- of- network costs or other assumptions utilized in setting adequate premium rates could have a material adverse effect on our results of operations,financial condition and cash flows for both our Health Insurance Marketplace and Medicare Advantage products.In addition,we may be unable to accurately predict demand for both our Health Insurance Marketplace and Medicare Advantage products,as demand depends on factors outside of our control such as the competitiveness of our bids,the broker distribution channels ~~,additional program integrity initiatives that have the effect of reducing membership~~ and the entry and exit of other competitors in the markets.If we experience higher demand for our products than anticipated,we **may not have adequate staffing to be able to adequately meet service level requirements in our call centers,which could negatively impact our quality scores,our relationships with our members and providers,as well as our regulators.** . Our Medicare programs are subject to a variety of unique risks that could adversely impact our financial results. If we fail to design and maintain programs that are attractive to Medicare participants; if our Medicare operations are subject to negative outcomes from program audits, sanctions, penalties or other actions; if we do not submit adequate bids in our existing markets or any expansion markets; if our existing contracts are modified or terminated; or if we fail to maintain or improve our quality Star ratings, our current Medicare business and our ability to expand our Medicare operations could be materially and adversely affected, negatively impacting our results of operations and financial performance. As of ~~October~~ **December** ~~2023~~ **2024** , approximately ~~87~~ **55** % of **our Medicare Advantage** membership was associated with contracts rated 3. ~~0~~ **5** stars or better. Our quality improvement goal is to move 85 % of our members into contracts with 3. 5 stars or better for rating year 2026 (anticipated to be published in October 2025), which may not be achieved. Additionally, although we expect to have a higher percentage of D- SNP members than most of our competitors, we may be unsuccessful in advocating for adjustments in the Star score rating system or other risk adjustment criteria to reflect the socio- economic barriers to health for this population. **Star ratings are subject to change annually by CMS, and** ~~Despite~~ **despite** our operational efforts to improve our Star ratings, there can be no assurances that we will be successful in maintaining or improving our Star ratings in future years ~~. Our~~ **, which could negatively impact our** quality bonus and rebates **. In addition,** ~~may continue to be negatively impacted and~~ our Medicare Advantage and PDP contracts may be terminated by CMS **if** ~~. For example, two of~~ our Medicare Advantage contracts ~~have~~ **receive Star ratings of below 3. 0 stars for three consecutive years. For example, two of our Medicare Advantage contracts** received notice of termination for plan year 2025 ~~and other Medicare Advantage contracts have received Star scores of below 3. 0 stars for two consecutive years and accordingly could be terminated for plan year 2026 if their Star scores do not improve~~ . The attractiveness of our Medicare Advantage plans may be reduced if we are unable to maintain or improve these ratings, ~~or~~ if there are changes to the ratings system that make achieving and maintaining ratings of 3. 0 stars or higher more difficult **, or if our performance does not improve compared to our competitors** . CMS establishes annually different pricing components of the Medicare Advantage program that may not adequately reflect changes in the underlying health care costs, and which may reduce the profitability or desirability of various Medicare Advantage plans. For calendar year ~~2024~~ **2025** , CMS ~~estimates that the~~ **again applied a negative rate adjustment for** risk model revisions **and fee for service** ~~together with the impact of~~ normalization ~~will reduce payments by 2. 16 %~~ . As a result of ~~these~~ -- **the Medicare Advantage** ~~changes, and our 2024~~ **2025 rates and our 2025** Medicare Advantage bid design and membership projections, we have established a premium deficiency reserve in connection with the ~~2024~~ **2025** Medicare Advantage business as of December 31, ~~2023~~ **2024** . In addition, CMS' new risk model may not account for the full severity of several chronic conditions, which could also disproportionately affect the dual **-** eligible population ~~who are~~ **which is** more medically complex and ~~face~~ **faces** additional socio- economic barriers to health compared to others. As a result of these changes and potential future changes to Medicare Advantage pricing components, we may not be able to design products that will be profitable, attractive or competitive for this population. In addition, ~~proposed~~ CMS regulations ~~may~~ **will** require beneficiaries dually enrolled in Medicare and **in a** Medicaid **managed care plan** to receive integrated care through **the Medicaid company' s** Medicare Advantage D- SNPs **beginning in 2030, with certain restrictions beginning in 2027** , which may restrict our product offerings in some geographic service areas **. However, some states have already moved or are planning to exclusively align dual- eligible enrollment under an aligned D- SNP before this timeframe** . There are also specific additional risks under Title XVIII, Part D of the Social Security Act associated with our provision of Medicare Part D prescription drug benefits as part of our Medicare Advantage plan offerings. These risks include potential uncollectibility of receivables, inadequacy of pricing assumptions, inability to receive and process information and increased pharmaceutical costs, as well as the underlying seasonality of this business, and extended settlement periods for claims submissions. Our failure to comply with Part D program requirements can result in financial and / or operational sanctions on our Part D products, as well as on our Medicare Advantage products that offer no prescription drug coverage. Risk- adjustment payment systems make our revenue and results of operations more difficult to estimate and could result in retroactive adjustments that have a material adverse effect on our results of operations, financial condition and cash flows. Most of our government customers employ risk- adjustment models to determine the premium amount they pay for each member. This model pays more for members with predictably higher costs according to the health status of each beneficiary enrolled. Premium payments are generally established at fixed intervals according to the contract terms and then adjusted on a retroactive basis. We reassess the estimates of the risk adjustment settlements each reporting period and any resulting adjustments are made to premium revenue. In addition, revisions by our government

customers to the risk- adjustment models have reduced and may continue to reduce our premium revenue. As a result of the variability of certain factors that determine estimates for risk- adjusted premiums, including plan risk scores **and competitor positioning** , the actual amount of retroactive payments could be materially more or less than our estimates. Consequently, our estimate of our plans' risk scores for any period, and any resulting change in our accrual of premium revenues related thereto, could have a material adverse effect on our results of operations, financial condition and cash flows. The data provided to our government customers to determine the risk score ~~are~~ **is** subject to audit by them even after the annual settlements occur. These audits may result in the refund of premiums to the government customer previously received by us, which could be significant and would reduce our premium revenue in the year that repayment is required. This in turn could have a material adverse effect on our results of operations, financial condition and cash flows. Government customers have performed and continue to perform audits of selected plans to validate the provider coding practices under the risk adjustment model used to calculate the premium paid for each member. In 2023, CMS announced the removal of the fee- for- service adjuster from the risk adjustment data validation audit methodology beginning for audit year 2018, which could increase our audit error scores. We anticipate that CMS will continue to conduct audits of our Medicare contracts and contract years on an on- going basis. An audit may result in the refund of premiums to CMS. It is likely that a payment adjustment could occur as a result of these audits; and any such adjustment could have a material adverse effect on our results of operations, financial condition and cash flows. Any failure to adequately price or anticipate....., as well as our regulators. If we are not successful in procuring new government contracts or renewing existing government contracts, or if we receive an adverse finding or review resulting from an audit or investigation, our business may be adversely affected. A substantial portion of our business relates to the provision of managed care programs and selected services to individuals receiving benefits under governmental assistance or entitlement programs. We provide these and other healthcare services under contracts with government entities in the geographic areas in which we operate. Our government contracts are generally intended to run for a fixed number of years and may be extended for an additional specified number of years if the contracting entity or its agent elects to do so. Initial bids for these contracts and initial implementation of these contracts can have substantial start- up costs and may ultimately be unsuccessful. For example, prior to obtaining a certificate of authority in most jurisdictions, we must establish a provider network and have systems in place to administer a state contract and process claims. Once a new contract is awarded, we may experience delays in operational start dates. As a result of these factors, start- up operations may decrease our profitability, or we may not grow as quickly as we anticipated. When our contracts with government entities expire, they may be opened for bidding by competing healthcare providers, and there is no guarantee that our contracts will be renewed or extended. For example, **the Department of Defense did not award the West region TRICARE Managed Care Support Contract commencing in 2025 to Health Net Federal Services, and the contract ended as of December 31, 2024. In addition,** as part of the normal course of business, several of our Medicaid contracts are up for reprocurement in ~~2024~~ **2025** (for contracts largely commencing in ~~2025~~ **2026**) ~~, including but not limited to Florida, Georgia, a portion of our business in Texas and Michigan~~ . Competitors may be more aggressive in the descriptions of their capabilities and the assumptions utilized in their bids. Even if our responsive bids are successful, the bids may be based upon assumptions or other factors which could result in the contracts being less profitable than we had anticipated. Further, our government contracts contain certain provisions regarding readiness review, eligibility, enrollment and dis- enrollment processes for covered services, eligible providers, periodic financial and informational reporting, financial standards, quality assurance, timeliness of claims payment, compliance with contract terms and law and our agreement to maintain a Medicare plan in the state, among other things, and are subject to cancellation if we fail to perform in accordance with the standards set by regulatory agencies. ~~For example, as a result of a Medicaid reprocurement process in California, in January 2024 our subsidiary, Health Net of California, began subcontracting a portion of its Medicaid membership in Los Angeles, which reduced our membership, compared to December 2023.~~ We are also subject to various reviews, audits and investigations, as well as self- reporting requirements, to verify our compliance with the terms of our contracts with various governmental agencies, as well as compliance with applicable laws and regulations. Any non- compliance with our government contracts or with applicable laws and regulations, adverse review, audit or investigation, could result in, among other things: cancellation of our contracts; refunding of amounts we have been paid pursuant to our contracts; imposition of fines, penalties and other sanctions on us; loss of our right to participate in various programs; increased difficulty in selling our products and services; loss or suspension of one or more of our licenses; lowered quality Star ratings; harm to our reputation; or required changes to the way we do business. ~~For example, several states have made claims related to services previously provided by Envolve, which historically provided PBM and specialty pharmacy services, including among other things, (i) claims seeking payment for services already reimbursed, (ii) claims alleging the failure to accurately disclose the true cost of the PBM services and (iii) claims alleging inflation of dispensing fees for prescription drugs. For additional information, see Note 17. Contingencies to the consolidated financial statements included in Part II of this Annual Report on Form 10- K. Additional claims, reviews or investigations may still be brought by other states, the federal government or shareholder litigants, and there is no guarantee we will have the ability to settle such claims with other states within the reserve estimate we have recorded and on other acceptable terms, or at all.~~ In addition, under government procurement regulations and practices, a negative determination resulting from a government audit of our business practices could result in a contractor being fined, debarred and / or suspended from being able to bid on, or be awarded, new government contracts for a period of time. If any of our government contracts are terminated, not renewed, renewed on less favorable terms, or not renewed on a timely basis, or if we receive an adverse finding or review resulting from an audit or investigation, our business and reputation may be adversely impacted, our goodwill could be impaired and our results of operations, financial condition or cash flows may be materially adversely affected. In addition, we contract with independent third- party vendors, brokers and service providers who provide services to us and our subsidiaries or to whom we delegate selected functions. Violations of, or noncompliance with, laws and regulations governing our business by such third ~~parties~~ **- party vendors** , or governing our dealings with such parties, could, among other things, subject us to additional audits,

reviews, investigations, self- reporting requirements and other adverse effects. We derive a portion of our cash flow and gross margin from our PDP operations, for which we submit annual bids for participation. The results of our bids could have a material adverse effect on our results of operations, financial condition and cash flows. A significant portion of our PDP membership is obtained from the auto- assignment of beneficiaries in CMS- designated regions where our PDP premium bids are below benchmarks of other plans' bids. In general, our premium bids are based on assumptions regarding PDP membership, utilization, drug costs, drug rebates and other factors for each region. Our ~~2024~~ **2025** PDP bids resulted in ~~30~~ **33** of the 34 CMS regions ~~in~~ **for** which we were below the benchmarks and ~~4~~ **one** ~~regions~~ **region** ~~in~~ **for** which we were ~~within~~ **above** the **benchmark** ~~de minimis range, largely consistent with our 2023 PDP bids~~. As of January 1, ~~2024~~ **2025**, we experienced an increase **to over** ~~of 1.~~ 7 **. 5** million PDP members compared to **6. 9 million in** December ~~2023~~ **2024**, due to our ~~2024~~ **2025** bid positioning. If our future Part D premium bids are not below the CMS benchmarks, we risk losing PDP members who were previously assigned to us and we may not have additional PDP members auto- assigned to us, which could materially reduce our revenue. The ~~Inflation Reduction Act (~~ IRA ~~)~~ is expected to substantially increase PDP' s risk exposure in 2025. Under **the** IRA, PDP plan costs will increase significantly due to a reduction in members cost share (close of coverage gap, and the $ 2, 000 cap on member out **-** of **-** pocket expenses) and a decrease in federal reinsurance (from 80 % to 20 %, while a greater portion of the plan drug costs will fall into the catastrophic phase). In the meantime, Part D risk sharing program thresholds would be applied to the increased Part D plan costs, so the plan cost at risk will be much greater before any risk sharing kicks in. These changes may lead to heightened underwriting risks and increased market volatility and uncertainty for 2025 bids, which could materially reduce our revenue and profit. **The IRA also offers Part D enrollees the option to defer payment of out- of- pocket prescription drug costs across monthly payments throughout the benefit year instead of to the pharmacy at the point of sale under the Medicare Prescription Payment Plan (M3P). This change may lead to increased bad debt exposure along with potential challenges with collecting deductibles and other cost- sharing amounts from beneficiaries. The change may also lead to estimation uncertainty as we develop our experience with the M3P. Due to the uncertainty of the new Part D pricing structure, Centene has elected into the Part D Premium Stabilization Demonstration program, which subsidizes member premiums and provides additional protection through the risk corridor in the event of unforeseen losses, but such election may not be sufficient to offset the uncertainty or risks relating to our experience with M3P as well as the increased risk exposure.** Our encounter data may be inaccurate or incomplete, which could have a material adverse effect on our results of operations, financial condition and cash flows and ability to bid for, and continue to participate in, certain programs. Our contracts require the submission of complete and correct encounter data. The accurate and timely reporting of encounter data is increasingly important to the success of our programs because more states are using encounter data to determine compliance with performance standards and to set premium rates. We have expended and may continue to expend additional effort and incur significant additional costs to collect or correct inaccurate or incomplete encounter data from our existing health plans and any health plans we may acquire in the future and have been and continue to be, exposed to operating sanctions and financial fines and penalties for noncompliance. In some instances, our government clients have established retroactive requirements for the encounter data we must submit. There also may be periods of time in which we are unable to meet existing requirements. In either case, it may be prohibitively expensive or impossible for us to collect or reconstruct this historical data. We may experience challenges in obtaining complete and accurate encounter data, due to difficulties with providers and third- party vendors submitting claims in a timely fashion in the proper format, and with state agencies in coordinating such submissions. As states increase their reliance on encounter data, these difficulties could adversely affect the premium rates we receive and how membership is assigned to us and subject us to financial penalties, which could have a material adverse effect on our results of operations, financial condition cash flows and our ability to bid for, and continue to participate in, certain programs. Increases in our pharmaceutical costs could have a material adverse effect on the level of our medical costs and our results of operations. Introduction of new high- cost specialty drugs and sudden cost spikes for existing drugs increase the risk that the pharmacy cost assumptions used to develop our capitation rates are not adequate to cover the actual pharmacy costs, which jeopardizes the overall actuarial soundness of our rates. Bearing the high costs of new specialty drugs or the high- cost inflation of drugs without an appropriate rate adjustment or other reimbursement mechanism could have an adverse impact on our financial condition and results of operations. In addition, evolving regulations and state and federal mandates regarding coverage may impact the ability of our health plans to continue to receive existing price discounts on pharmaceutical products for our members. Other factors affecting our pharmaceutical costs include, but are not limited to, geographic variation in utilization of new and existing pharmaceuticals, changes in discounts, civil investigations and litigation. Although we will continue to work with state Medicaid agencies in an effort to ensure that we receive appropriate and actuarially sound reimbursement for all new drug therapies and pharmaceuticals trends, there can be no assurance that we will be successful in that regard. Ineffectiveness of state- operated systems and subcontractors could adversely affect our business. A number of our health plans rely on other state- operated systems or subcontractors to qualify, solicit, educate and assign eligible members into managed care plans. The effectiveness of these state operations and subcontractors can have a material effect on a health plan' s enrollment in a particular month or over an extended period. When a state implements either new programs to determine eligibility or new processes to assign or enroll eligible members into health plans, or when it chooses new subcontractors, or has not adequately maintained systems, there is an increased potential for an unanticipated impact on the overall number of members assigned to managed care plans. Additionally, we rely on the accuracy of eligibility lists provided by state governments and their vendors. Inaccuracies in those lists would negatively affect our results of operations. Premium payments to our health plans are based upon eligibility lists produced by state governments and their vendors. From time to time, states require us to reimburse them for premiums paid to us based on an eligibility list that a state later discovers contains individuals who are not in fact eligible for a government sponsored program or are eligible for a different premium category or a different program. Our results of operations would be adversely affected as a result of such reimbursement to the state if we

make or have made related payments to providers and are unable to recoup such payments from the providers. Alternatively, a state could fail to pay us for members for whom we are entitled to payment. Such factors could have an adverse effect on our premium revenues and results of operations, financial condition and cash flows. If state regulators do not approve payments of dividends and distributions by our subsidiaries to us, we may not have sufficient funds to implement our business strategy. We principally operate through our health plan subsidiaries. As part of normal operations, we may make requests for dividends and distributions from our subsidiaries to fund our operations. In addition to state corporate law limitations, these subsidiaries are subject to more stringent state insurance and HMO laws and regulations that limit the amount of dividends and distributions that can be paid to us without prior approval of, or notification to, state regulators. If these regulators were to deny or delay our subsidiaries' requests to pay dividends, the funds available to us would be limited, which could harm our ability to implement our business strategy. We derive a significant portion of our premium revenues from operations in a number of states, and our results of operations, financial condition or cash flows could be materially adversely affected by a decrease in premium revenues or profitability in any one of those states. Operations in a number of states have accounted for a significant portion of our premium revenues to date. If we were unable to continue to operate in any of those states or if our current operations in any portion of one of those states were significantly curtailed, our revenues could decrease materially. For example, as part of the normal course of business, several of our Medicaid contracts are up for reprocurement in ~~2024~~ **2025** (for contracts largely commencing in ~~2025~~ **2026**) ~~, including but not limited to Florida, Georgia, a portion of our business in Texas and Michigan~~ . Our reliance on operations in a limited number of states could cause our revenues and profitability to change suddenly and unexpectedly depending on legislative or other governmental or regulatory actions and decisions or changes in governmental administrations, economic conditions and similar factors in those states. Government entities in states we currently serve could open the bidding for their Medicaid or other healthcare programs to other health insurers through a request for proposal process. For example, as a result of Medicaid reprocurement process in California, in January 2024 our subsidiary, Health Net of California, began subcontracting a portion of its Medicaid membership in Los Angeles, which reduced our membership compared to December 2023. Reductions in our service area or services provided in any of the states in which we operate could harm our business. Competition may limit our ability to increase penetration of the markets that we serve. We compete for members principally on the basis of size and quality of provider networks, the design and cost of benefits provided and quality of service. We compete with numerous types of competitors, including other health plans and traditional state Medicaid programs that reimburse providers as care is provided, as well as other non- traditional competitors. In addition, the administration of the ACA has the potential to shift the competitive landscape in our segment. Some of the health plans with which we compete have greater financial and other resources and offer a broader scope of products than we do. In addition, significant merger and acquisition activity continues to occur in the managed care industry, as well as complementary industries, such as the hospital, physician, pharmaceutical, medical device and health information systems businesses. To the extent that competition intensifies in any market that we serve, as a result of industry consolidation or otherwise, our ability to retain or increase members and providers, or maintain or increase our revenue growth, pricing flexibility and control over medical cost trends may be adversely affected. We operate in a highly competitive, dynamic and rapidly evolving industry and our failure to adapt could negatively impact our business. The health service industry continues to be competitive, dynamic and rapidly evolving. Any significant shifts in the structure of the industry could alter industry dynamics and adversely affect our ability to compete, attract or retain clients and customers. Industry shifts could result (and have resulted) from, among other things: • a large intra- or inter- industry merger or industry consolidation; • strategic alliances; • change in broker distribution channels and requirements; • continuing consolidation among physicians, hospitals and other health care providers, as well as changes in the organizational structures chosen by physicians, hospitals and health care providers; ~~and~~ • new market entrants, including those not traditionally in the health service industry **; and • innovations in technology in the health service industry, including the use of artificial intelligence and machine learning** . Our failure to anticipate or appropriately adapt to changes in the industry could negatively impact our competitive position and adversely affect our business and results of operations. If our **third- party** vendors fail to meet their contractual obligations to us or fail to comply with applicable laws or regulations, our results of operations may be adversely affected and we may be exposed to brand and reputational harm, litigation and / or regulatory action. We are subject to risks associated with outsourcing services and functions to third ~~parties~~ **- party vendors** . We contract with various **third- party** vendors to perform certain functions and services, including for PBM, medical management and other member- related services. Our arrangements with these third ~~parties~~ **- party vendors** may expose us to public scrutiny, adversely affect our brand and reputation, expose us to litigation or regulatory action, and otherwise make our operations vulnerable if we fail to adequately oversee, monitor and regulate their performance or if they fail to meet their contractual obligations to us, including successfully and timely transitioning services, delivering expected cost savings, guarantees or commitments, increasing their service levels to us, or complying with applicable laws or regulations. Any failure of these third ~~parties~~ **- party vendors** ' prevention, detection or control systems related to regulatory compliance, compliance with our internal policies, data security and / or cybersecurity or any incident involving the theft, misappropriation, loss or other unauthorized disclosure of, or access to, members' or other constituents' sensitive information could require us to expend significant resources to remediate any damage, interrupt our operations and adversely affect our brand and reputation and also expose us to whistleblower, class action and other litigation, other proceedings, prohibitions on marketing or active or passive enrollment of members, corrective actions, fines, sanctions and / or penalties, any of which could adversely affect our business results of operations, financial condition or cash flows. If the **third- party** vendors cannot adequately perform services to us due to lack of adequate staffing, infrastructure, experience, operational maturity, funding, bankruptcy, insolvency, or other credit failure, it could have a material adverse effect on our results of operations if we are not able to contract with other service providers on a timely basis or at all. If we are unable to maintain relationships with our provider networks **and timely update our provider directories** , our profitability may be materially adversely affected. Our profitability depends, in large part, upon our ability to contract at competitive prices with

hospitals, physicians, and other healthcare providers. Our provider arrangements with our primary care physicians, specialists and hospitals generally may be canceled by either party without cause upon 90 to 120 days prior written notice. We cannot provide any assurance that we will be able to continue to renew our existing contracts or enter into new contracts on a timely basis or under favorable terms enabling us to service our members profitably. Healthcare providers with whom we contract may not properly manage the costs of, and access to services, be able to provide effective telehealth services, maintain financial solvency, pay secondary providers for services rendered (which could lead secondary providers to demand payment from us even though we have made our regular capitated payments to the provider group) or avoid disputes with other providers. Depending on state law and the regulatory environment, it may be necessary for us to pay such claims. Any of these events could have a material adverse effect on the provision of services to our members and our operations. In any particular market, physicians and other healthcare providers could refuse to contract, demand higher payments or take other actions that could result in higher medical costs or difficulty in meeting regulatory or accreditation requirements, among other things. In some markets, certain healthcare providers, particularly hospitals, physician / hospital organizations or multi- specialty physician groups, may have significant market positions or near monopolies that could result in diminished bargaining power on our part. In addition, accountable care organizations, practice management companies, which aggregate physician practices for administrative efficiency and marketing leverage and other organizational structures that physicians, hospitals and other healthcare providers choose may change the way in which these providers interact with us and may change the competitive landscape. Such organizations or groups of healthcare providers may compete directly with us, which could adversely affect our operations, and our results of operations, financial condition and cash flows by impacting our relationships with these providers or affecting the way that we price our products and estimate our costs, which might require us to incur costs to change our operations. Provider networks may consolidate or be acquired by our direct competitors, resulting in a reduction in the competitive environment or in our competitive position. In addition, if these providers refuse to contract with us, use their market position to negotiate contracts that are unfavorable to us, or place us at a competitive disadvantage, our ability to market products or to be profitable in those areas could be materially and adversely affected. From time to time, healthcare providers assert or threaten to assert claims seeking to terminate non- cancelable agreements due to alleged actions or inactions by us. If we are unable to retain our current provider contract terms or enter into new provider contracts timely or on favorable terms, our profitability may be materially adversely affected. In addition, from time to time, we may be subject to class action or other lawsuits by healthcare providers with respect to claim payment procedures or similar matters. For example, our wholly owned subsidiary, Health Net Life Insurance Company (HNL), is and may continue to be subject to such disputes with respect to HNL' s payment levels in connection with the processing of out- of- network provider reimbursement claims for the provision of certain substance abuse related services. In the event HNL receives an adverse finding in any related legal proceeding or from a regulator or is otherwise required to reimburse providers for these claims at rates that are higher than expected or for claims HNL otherwise believes are unallowable, our financial condition and results of operations may be materially adversely affected. In addition, regardless of whether any such lawsuits brought against us are successful or have merit, they will still be time-consuming and costly and could distract our management' s attention. As a result, under such circumstances, we may incur significant expenses and may be unable to operate our business effectively. **In addition, we are subject to certain state and federal regulations and contractual provisions regarding provider directory accuracy. If we cannot comply with such accuracy requirements or other contractual operational requirements, we may be subject to regulatory audits and investigations, litigation and otherwise suffer competitive harm, which could have a material adverse impact on our business reputation, financial condition, cash flows or results of operations.** If we or our third- party vendors are unable to integrate and manage information systems and networks effectively, our operations could be disrupted. Our operations depend significantly on effective information systems and networks. The information gathered and processed by information systems and networks assists us in, among other things, monitoring utilization and other cost factors, processing provider claims and providing data to our regulators. Our healthcare providers also depend upon our information systems and networks for membership verifications, claims status and other information. Our information systems, networks and applications require continual maintenance, upgrading and enhancement to meet our operational needs and regulatory requirements. We regularly upgrade and expand our information systems' and networks' capabilities. If we, our healthcare providers, brokers' or our third-party vendors experience difficulties with the transition to or from information systems or networks or do not appropriately integrate, maintain, enhance or expand information systems or networks, we could suffer, among other things, operational disruptions, loss of existing members and providers and difficulty in attracting new members and providers, complaints, regulatory problems and increases in administrative expenses. In addition, our ~~, our~~ healthcare providers', our brokers' or our third- party vendors' ability to integrate and manage information systems and networks may be impaired as the result of events outside our control, including natural disasters, such as earthquakes or fires, or acts of wars, aggression or terrorism, which may include cyber- attacks or other data security incidents by terrorists or other governmental or non- governmental actors. **Further, as connectivity of technology advances, artificial intelligence and business processes supported by large language models that are used by us, our healthcare providers, our brokers, or our third- party vendors may not operate as expected or may give rise to risks related to accuracy, bias, discrimination, intellectual property infringement, cybersecurity and data privacy, among others. The development and use of artificial intelligence technologies is still in its early stages, and as a result it is not possible to predict all of the risks and potentially unintended consequences related to the use of artificial intelligence by us, our health care providers, our brokers or our third- party vendors.** We may **also** from time to time obtain significant portions of our systems- related or other services or facilities from independent third ~~parties~~ **- party vendors** , which may make our operations vulnerable if such third ~~parties~~ **- party vendors** fail to perform adequately. In addition, our ability to use outsourcing resources in certain jurisdictions might be limited by legislative action or contracts, with the result that the work must be performed at greater expense or we may be subject to sanctions for non- compliance. Any of

these risks might have a materially adverse impact on our business, results of operations and financial condition. A failure in or breach of our operational or security systems, networks or infrastructure, or those of third ~~parties~~ **- party vendors** with which we do business, including as a result of cyber- attacks and other data security incidents, could have a material adverse effect on our business. Data security risks have significantly increased in recent years in part because of the proliferation of new technologies, the use of the internet and telecommunications technologies to conduct our operations and the increased sophistication and activities of organized crime, hackers, terrorists and other external parties, including foreign states and state-supported actors. Data security risks also may derive from fraud or malice on the part of our team members or third ~~parties~~ **- party vendors**, or may result from human error, software bugs, server malfunctions, software or hardware failure or other technological failure. As these threats continually evolve, we may be required to devote substantial additional resources to modify or enhance our operational or security systems and networks and our cybersecurity program. Our operations rely on the secure transmission, storage and other processing of confidential, personal, proprietary, sensitive and other information in our computer systems and networks as well as ~~those of~~ third ~~parties~~ **- party vendors** with which we do business. Security breaches of such systems and networks may arise from external or internal threats. External breaches may result from, among other things, a threat actor hacking personal information for financial gain, attempting to **fraudulently induce our employees into disclosing usernames, passwords or other sensitive information to obtain unauthorized access to our systems, attempting to** cause harm or interruption to our operations or intending to obtain competitive information. Internal breaches may result from, among other things, inappropriate security access to confidential information by rogue team members, consultants or third- party ~~service providers~~ **vendors. In addition, the rapid evolution and increased adoption of artificial intelligence technologies may intensify these risks by making such security breaches more difficult to detect, contain or mitigate**. Any security breach could result in the misappropriation, loss or other unauthorized access, disclosure or use of confidential member information, including personal information, financial data, competitively sensitive information or other proprietary data, whether by us or a third party, and could have a material adverse effect on our business reputation, financial condition, cash flows or results of operations. We maintain a system of prevention and detection controls through our security programs; however, our prevention and detection controls may not prevent or identify all such attacks on a timely basis, or at all. Despite our best attempts to maintain adherence to data privacy and security best practices, as well as compliance with applicable laws, regulations, rules, standards and contractual requirements, our facilities, systems and networks, and those of our third- party **vendors** ~~service providers~~, may be vulnerable to data privacy or security breaches, acts of vandalism or theft, malware, ransomware, social engineering attacks (including phishing attacks), denial- of- service attacks or other forms of cyber- attack, misplaced or lost data including paper or electronic media, programming and / or human errors or other similar events. We experience attempted external hacking or malicious attacks on a regular basis. In the past, we have ~~had~~ **experienced cyber-attacks and** data breaches **, and our third- party vendors have experienced cyber- attacks and security incidents,** resulting in disclosure of confidential or protected health information that have not resulted in any material financial loss or penalty to date. For example, in ~~2021~~ **2024**, ~~we learned~~ **Change Healthcare, Inc. experienced a cybersecurity incident** that ~~Accellion~~ **disrupted its ability to provide services**, **impacting payers,** ~~a third- party data transfer provider~~ **providers and pharmacies nationwide** ~~with whom we contract, had a system vulnerability that resulted in unauthorized access to certain sensitive data of our customers~~, including **Centene and some** ~~protected health information, as well as unauthorized access to the data~~ of **its subsidiaries** ~~several of Accellion's other clients~~. **While** ~~This~~ **this** incident **did not have a material impact** ~~led to putative class action lawsuits that were filed against us and our subsidiaries, Health Net, LLC, Health Net of California, Inc., HNL, Health Net Community Solutions, Inc., and California Health & Wellness, and Accellion~~ on **Centene,** ~~behalf of the affected customers. There~~ **there** can be no assurance that this incident and other privacy or security breaches will not require us to expend significant resources to remediate any damage, interrupt our operations and damage our business or reputation, subject us to state, federal, or international agency review, and result in enforcement actions, material fines and penalties, litigation or other actions which could have a material adverse effect on our business, reputation, results of operations, financial condition and cash flows. While we generally perform data security due diligence on our key service providers, we do not control our service providers and our ability to monitor their data security practices is limited. Some of our **third- party** vendors may store or have access to our data and may not have effective controls, processes, or practices to protect our information from loss, unauthorized disclosure, unauthorized use or misappropriation, cyber- attacks or other data security incidents. **For example, hardware, software, and other applications and updates procured from service providers may contain defects that have and may in the future unexpectedly restrict or prevent access to or interfere with the proper operation of our information systems and hardware.** A vulnerability in our service providers' **hardware,** software or systems, a failure of our service providers' safeguards, policies or procedures, or a cyber- attack or other data security incident affecting any of these third ~~parties~~ **- party vendors** could harm our business. Additionally, we cannot be certain that our insurance coverage will be adequate for data security liabilities actually incurred, that insurance will continue to be available to us on economically reasonable terms, or at all, or that our insurer will not deny coverage as to any future claim. We may be unable to attract, retain or effectively manage the succession of key personnel. We are highly dependent on our ability to attract, develop and retain qualified personnel to operate and expand our business. We face intense competition for experienced and highly skilled team members, and we may be unable to attract and retain such team members, or competition among potential employers may result in increasing compensation. In addition, we may be adversely impacted if we are unable to adequately plan for the succession of our executives and senior management. While we have succession plans in place for members of our executive and senior management team, these plans do not guarantee that the services of our executive and senior management team will continue to be available to us. Our ability to replace any departed members of our executive and senior management team or other key team members may be difficult and may take an extended period of time because of the limited number of individuals in the Managed Care industry with the breadth of skills and experience required to **successfully** operate and ~~successfully~~ expand a

business such as ours. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain or motivate these personnel. Further, the ~~increased~~ availability of hybrid or remote working arrangements has expanded the pool of companies that can compete for our team members and employment candidates. Our ~~recently adopted~~ modern work environment, including remote and hybrid work arrangements which is utilized by the majority of our team members, may present operational, cybersecurity and workplace culture challenges. If we are unable to attract, retain and effectively manage the succession plans for key personnel, executives and senior management, our business and financial condition, results of operations or cash flows could be harmed. An impairment charge with respect to our recorded goodwill, intangible assets and real estate portfolio could have a material impact on our results of operations and shareholders' equity. Changes in business strategy, divestitures, government regulations or economic or market conditions and non- renewal of government contracts have resulted and may result in impairments of our real estate portfolio, goodwill and other intangible assets at any time in the future. ~~We have recorded a total of $ 529 million in impairment charges during the year ended December 31, 2023, which were largely attributed to recent divestitures.~~ For additional information, see Note **6. Property, Software and Equipment, Note** 7. Goodwill and Intangible Assets **, and Note 11. Leases** to the consolidated financial statements included in Part II of this Annual Report on Form 10- K. We may have additional impairment charges in connection with our periodic evaluation of our goodwill and intangible assets using assumptions and judgments regarding the estimated fair value of our reporting units. Our assumptions and judgments regarding the existence of impairment indicators are based on, among other things, legal factors, contract terms, market conditions and operational performance. Further, the estimated value of our reporting units may be impacted because of business decisions we make associated with any future changes to laws and regulations, which could unfavorably affect the carrying value of certain goodwill and other intangible assets and result in impairment charges in future periods. If an event or events occur that would cause us to revise our estimates and assumptions used in analyzing the value of our goodwill and other intangible assets, such revision could result in a non- cash impairment charge that could have a material impact on our results of operations and shareholders' equity in the period in which the impairment occurs. Risks Relating to Regulatory and Legal Matters **If eligibility for the enhanced advance premium tax credit for Marketplace members expires without renewal or the eligibility for the credit is modified or delayed, our results of operations, financial condition, and cash flows could be materially and adversely affected. In August 2022, the U. S. federal government enacted the Inflation Reduction Act, which, among other things, extended eligibility for the enhanced advance premium tax credit for Marketplace members. This enhanced credit expires on December 31, 2025, and if it is not renewed or extended, or if eligibility for this enhanced credit is limited, or if such renewal or extension is delayed, it could materially adversely impact our Marketplace membership. Submissions of the product design and pricing for the Marketplace product for the following calendar year is generally due to our state regulators in the summer. If the modifications or renewal of the credit is not known at that time, we may not be able to price our products appropriately or be able to change our product pricing or strategy in response to such modifications, which could materially adversely impact our Marketplace membership, financial condition and cash flows.** Reductions **or delays** in funding, changes to eligibility requirements for government-sponsored healthcare programs in which we participate, and any inability on our part to effectively adapt to changes to these programs could have a material adverse effect on our results of operations, financial condition and cash flows. The majority of our revenues come from government subsidized healthcare programs including Medicaid, Medicare, ~~TRICARE,~~ CHIP, LTSS, ABD, Foster Care and Health Insurance Marketplace premiums. Changes in these programs **, including due to executive orders or other regulatory actions from the current political administration,** could change the number of persons enrolled in or eligible for these programs **, reduce funding, delay funding** and increase our administrative and healthcare costs under these programs. For example, due to the declaration of the end of the ~~public health emergency (~~ PHE ~~)~~ and the subsequent expiration of the eligibility determination waivers, ~~we expect~~ the resumption of the Medicaid eligibility redeterminations ~~to~~ significantly ~~reduce~~ **reduced** our membership in our Medicaid programs ~~. We do~~ **, and we did** not ~~expect to~~ fully offset the loss of this membership by increased enrollment in our Health Insurance Marketplace products. **In addition, as a result of the expiration of the PHE due to the COVID- 19 pandemic, and the resulting Medicaid redeterminations process, we have experienced a higher HBR related to the remaining members, due to the acuity profile of this membership, as well as the gaps in eligibility for certain members who have rejoined the Medicaid plans. While we continue to work with our state partners to match rates to acuity post- redeterminations, such rate adjustments may be delayed or insufficient to offset the increased acuity. In addition,** ~~States~~ **states** may decide to reduce reimbursement or reduce benefits ~~in order for states to afford to maintain or increase eligibility levels~~ . If any state in which we operate were to decrease premiums paid to us or pay us less than the amount necessary to keep pace with our cost trends, it could have a material adverse effect on our results of operations, financial condition and cash flows ~~.~~ Payments from government payors may be delayed in the future,which,if extended for any significant period of time,could have a material adverse effect on our results of operations,financial condition,cash flows or liquidity.In addition,delays in obtaining,or failure to obtain or maintain,governmental approvals,or moratoria imposed by regulatory authorities,could adversely affect our revenues or membership,increase costs or adversely affect our ability to bring new products to market as forecasted.Other changes to our government programs could affect our willingness or ability to participate in any of these programs or otherwise have a material adverse effect on our business,financial condition or results of operations **.** . Under most of these programs, the base premium rate paid for each program differs, depending on a combination of factors such as defined upper payment limits, a member' s health status, age, gender, county or region and benefit mix. Since Medicaid was created in 1965, the federal government and states have shared the costs for this program, with the federal government share currently averaging approximately 60 %. We are therefore exposed to risks associated with federal and state government contracting or participating in programs involving a government payor, including but not limited to the general ability of the federal and / or state governments to terminate or modify contracts with them, in whole or in part, without prior notice, for convenience or for default based on performance; potential regulatory or legislative

action that may materially modify amounts owed; our dependence upon Congressional or legislative appropriation and allotment of funds and the impact that delays in government payments could have on our operating cash flow and liquidity; responses to pandemics, resurgences and new emergent diseases and other regulatory, legislative or judicial actions that may have an impact on the operations of government subsidized healthcare programs including ongoing litigation involving the ACA. ~~For example, future~~ **Future** levels of funding and premium rates may be affected by continuing government efforts to contain healthcare costs and may further be affected by state and federal budgetary constraints **and spending initiatives or changes in political party or administrations at the state and federal level** . Governments periodically consider reducing or reallocating the amount of money they spend for Medicaid, Medicare, ~~TRICARE,~~ CHIP, LTSS, ABD and Foster Care. Additionally, as a result of the CMS Medicare Advantage ~~2024~~ **2025** rate ~~decrease~~ **actions** , combined with our quality scores, we have established a premium deficiency reserve in connection with the ~~2024~~ **2025** Medicare Advantage business as of December 31, ~~2023~~ **2024** . Furthermore, Medicare remains subject to the automatic spending reductions imposed by the Budget Control Act of 2011 and the American Taxpayer Relief Act of 2012 (sequestration), subject to a 2 % cap, which was extended by the Bipartisan Budget Act of 2019 through 2029, which was reinstated on July 1, 2022, after a temporary suspension due to the COVID pandemic **. Additional changes to the funding or eligibility criteria for these programs could materially impact our membership, revenues, financial condition and cash flows** . The IRA enacts significant changes to the Medicare Part D program beginning on January 1, 2025. These changes create additional uncertainty for 2025 Medicare Part D bids, including their profitability and the competitive market landscape. If our future Part D premium bids are not profitable or below the CMS benchmarks or competitors price their products with significantly lower premiums, membership, revenue and profitability of this product could be materially reduced, which in turn could have a material adverse effect on our results of operations and financial conditions. **Further, changes in the Medicare Part D program could impact membership and cause the timing of our cash flows to be impacted, which in turn could impact the timing and level of interest income.** In addition, **new CMS** ~~reductions~~ **regulations will require beneficiaries dually enrolled** in **Medicare** ~~defense spending could have an~~ **and Medicaid to receive integrated care through Medicare Advantage D- SNPs beginning in 2030, with restrictions beginning in 2027, which may restrict our product offerings in some geographic service areas. In addition,** adverse ~~impact on certain government programs in which we currently participate by, among other things, terminating or materially changing such programs, or by decreasing or delaying payments made under such programs. Adverse~~ economic conditions may put pressures on state budgets as tax and other state revenues decrease while the population that is eligible to participate in these programs remains steady or increases, creating more need for funding. We anticipate this will require government agencies to find funding alternatives, which may result in reductions **or delays** in funding for programs, contraction of covered benefits and limited or no premium rate increases or premium rate decreases. A reduction (or less than expected increase), a protracted delay or a change in allocation methodology in government funding for these programs, as well as termination of one or more contracts for the convenience of the government, may materially and adversely affect our results of operations, financial condition and cash flows. Also, if legislation increasing the federal debt ceiling is not enacted and the debt ceiling is reached, the federal government may stop or delay making payments on its obligations. In addition, if another federal government shutdown were to occur for a prolonged period of time, federal government payment obligations, including its obligations under Medicaid, Medicare, TRICARE, CHIP, LTSS, ABD, Foster Care and the Health Insurance Marketplace, may be delayed. Similarly, if state government shutdowns were to occur, state payment obligations may be delayed. If the federal or state governments fail to make payments under these programs on a timely basis, our business could suffer, and our financial condition, results of operations or cash flows may be materially affected. Payments from government payors may be delayed..... financial condition or results of operations. Significant changes or judicial challenges to the ACA **and the other government- sponsored healthcare programs in which we participate** could materially and adversely affect our results of operations, financial condition, and cash flows. The enactment of the ACA in March 2010 transformed the U. S. healthcare delivery system through a series of complex initiatives; however, the ACA has faced, and continues to face, administrative, judicial and legislative challenges to repeal or change certain of its significant provisions. Changes to portions or the entirety of the ACA **or significant changes to the other government-sponsored healthcare programs in which we participate** , as well as judicial interpretations in response to constitutional and other legal challenges, as well as the uncertainty generated by such actual or potential challenges, could materially and adversely affect our business and financial condition, results of operations or cash flows. The ultimate content, timing or effect of any potential future legislation or litigation and the outcome of other lawsuits cannot be predicted. Among the most significant of the ACA' s provisions was the establishment of the Health Insurance Marketplace for individuals and small employers to purchase health insurance coverage that included a minimum level of benefits and restrictions on coverage limitations and premium rates, as well as the expansion of Medicaid coverage to all individuals under age 65 with incomes up to 138 % of the federal poverty level beginning January 1, 2014, subject to each state' s election. The HHS additionally indicated that it would consider a limited number of premium assistance demonstration proposals from states that want to privatize Medicaid expansion. Several states in which we operate have obtained Section 1115 waivers to implement the ACA' s Medicaid expansion in ways that extend beyond the flexibility provided by the federal law, with additional states pursuing Section 1115 waivers regarding eligibility criteria, benefits, and cost- sharing, and provider payments across their Medicaid programs. Litigation challenging Section 1115 waiver activity for both new and previously approved waivers is expected to continue both through administrative actions and the courts ~~. The enhanced eligibility for the advance premium tax credit for Marketplace members that was extended by the Inflation Reduction Act expires December 31, 2025. If this credit is not renewed or extended, or if eligibility for this credit is limited, it could materially adversely impact our Marketplace membership~~ . Additionally, the U. S. Department of Labor issued a final rule on June 19, 2018, which expanded flexibility regarding the regulation and formation of association health plans (AHPs) provided by small employer groups and associations. On June 13, 2019, the HHS, the U. S. Department of Labor and the U. S. Treasury issued a final rule allowing employers of all sizes that do not offer a group coverage plan to fund a new kind

of health reimbursement arrangement (HRA), known as an individual coverage HRA (ICHRA). Beginning January 1, 2020, employees became able to use employer- funded ICHRAs to buy individual- market insurance, including insurance purchased on the public exchanges formed under the ACA. It remains uncertain whether or when the current or future administrations will propose changes to ~~restrict~~ these insurance plan options that are not required to meet ACA requirements, and what the impact of such potential changes may be. These changes and other potential changes involving the functioning of the Health Insurance Marketplace as a result of additional new state and federal legislation, regulation, executive action or litigation, including those related to extending enrollment periods, increasing eligibility in the program design, changing the eligibility and amount of the advanced premium tax credit **, additional payment integrity initiatives that have the effect of reducing membership** and expanding navigator services **the timing of those changes and our ability to respond to any changes in compliance with our state and federal timing requirements** , could impact our business and results of operations adversely or in other ways that we do not currently anticipate. **Negative public perception of the managed care industry, including industry practices, could adversely affect our business, operating results, cash flows and prospects. The managed care industry in which we operate has been and may be negatively perceived by the public from time to time. This negative publicity can lead to increased legislation, regulation, review of industry practices and private litigation in the commercial sector. Negative publicity could come as a result of adverse media coverage, including on social media, litigation against us or other industry participants, actual or perceived shortfalls regarding our industry' s or our own products or services, and actual or perceived failures to meet customer or member expectations. Negative publicity resulting from any of these risks could adversely affect our business, our ability to attract and retain talent, our results of operations, stock price, brand, reputation, and our ability to retain our existing customers and members, and significantly change the regulatory and legislative requirements with which we must comply.** Our business activities are highly regulated and new laws or regulations or changes in existing laws or regulations or their enforcement or application could force us to change how we operate and could harm our reputation and business. Our business is extensively regulated by the states in which we operate and by the federal government. ~~In addition~~ **Changes in political party** , **or administrations at** the ~~managed care industry has received negative~~ **state or federal level may change the attitude or** ~~publicity~~ **public** ~~that has led~~ **commentary towards healthcare programs and result in changes** to ~~increased~~ **the existing** ~~legislation~~ **legislative or regulatory environment** , **changes in the application of existing laws and** ~~regulation~~ **regulations** , ~~review of industry practices and private litigation in the commercial sector. Such negative publicity may adversely affect our~~ **or changes to funding available for healthcare programs** ~~stock price and damage our reputation in various markets~~ . In each of the jurisdictions in which we operate, we are regulated by the relevant insurance, health, and / or human services or government departments that oversee the activities of MCOs providing or arranging to provide services to Medicaid, Medicare, Health Insurance Marketplace enrollees or other beneficiaries. **The frequent enactment of, changes to,** ~~For~~ **or** ~~example~~ **interpretations of laws and regulations could, among other things: force us to restructure our relationships with providers within our network; require us to implement additional or different programs and systems; restrict revenue and enrollment growth; increase our healthcare and administrative costs; impose additional capital and surplus requirements; modify how we contract, pay and interact with brokers, enact additional payment integrity initiatives that have the effect of reducing membership and increase or change our liability to members in the event of malpractice by our contracted providers. In 2023, HHS finalized transparency requirements for artificial intelligence and other predictive algorithms used in certified health information technology, such as decision support interventions. Changes to laws and regulations regarding how we may use artificial intelligence could make it harder for us to conduct our business using artificial intelligence; require us to retrain our artificial intelligence; or prevent or limit our use of artificial intelligence. Our use of artificial intelligence technologies could also result in additional compliance costs; regulatory investigations, actions, fines or penalties; and consumer or other lawsuits. To the extent that we rely on or use the output of artificial intelligence, any inaccuracies, biases or errors could have unfavorable impacts on us, our business and our results of operations or financial condition. Additionally, the taxes and fees paid to federal, state, local and international governments may increase due to several factors, including: enactment of, changes to or interpretations of tax laws and regulations, audits by government authorities, geographic expansions into higher taxing jurisdictions and the effect of expansions into international markets. We are often required to maintain a minimum medical loss ratio (MLR) or share profits in excess of certain levels, which may be retroactive. In certain circumstances, our plans have returned premiums back to the states, enrollees or other beneficiaries in the event profits exceed established levels or MLR does not meet the minimum requirement. The amount of premium returned may include transparent pharmacy pricing and rebate initiatives. Other states may require us to meet certain performance and quality metrics in order to maintain our contracts or receive additional or full contractual revenue. In addition** , our health plan subsidiaries must comply with minimum statutory capital and other financial solvency requirements, such as deposit and surplus requirements. The ~~frequent enactment of, changes to, or interpretations of laws and regulations could, among other things: force us to restructure our relationships with providers within our network; require us to implement additional or different programs and systems; restrict revenue and enrollment growth; increase our healthcare and administrative costs; impose additional capital and surplus requirements; modify how we contract, pay and interact with brokers, and increase or change our liability to members in the event of malpractice by our contracted providers. In addition, changes in political party, or administrations at the state or federal level in the United States or internationally may change the attitude towards healthcare programs and result in changes to the existing legislative or regulatory environment. Additionally, the taxes and fees paid to federal, state, local and international governments may increase due to several factors, including: enactment of, changes to or interpretations of tax laws and regulations, audits by governmental authorities, geographic expansions into higher taxing jurisdictions and the effect of expansions into international markets. We are often required to maintain a minimum HBR or share profits in excess of certain levels, which may be retroactive. In certain~~

~~circumstances, our plans have returned premiums back to the states, enrollees or other beneficiaries in the event profits exceed established levels or HBR does not meet the minimum requirement. The amount of premium returned may include transparent pharmacy pricing and rebate initiatives. Other states may require us to meet certain performance and quality metrics in order to maintain our contracts or receive additional or full contractual revenue. The~~ governmental healthcare programs in which we participate are subject to the satisfaction of certain regulations and performance standards. Regulators require numerous steps for continued implementation of the ACA, including the promulgation of a substantial number of potentially more onerous federal regulations. If we fail to effectively **or timely** implement or appropriately adjust our operational and strategic initiatives with respect to the implementation of healthcare reform, or do not do so as effectively as our competitors, our results of operations may be materially adversely affected. For example, ~~under the ACA, Congress authorized~~ CMS **regulations will require beneficiaries dually enrolled in Medicare** and **in a Medicaid** ~~the states to implement~~ managed care **plan** ~~demonstration programs~~ to **receive integrated care through the Medicaid company' s Medicare Advantage D- SNPs beginning in 2030, with certain restrictions beginning in 2027, which may restrict our product offerings in some geographic** ~~serve~~ **service areas. However, some states have already moved or are planning to exclusively align** ~~dually~~ -- **dual-** eligible **enrollment under** ~~beneficiaries to improve the coordination of their care. Participation in these demonstration programs is subject to CMS approval and~~ - **an aligned D- SNP before this timeframe** ~~the satisfaction of conditions to participation, including meeting certain performance requirements~~ . Our inability to improve or maintain adequate quality scores and Star ratings to meet government performance requirements or to match the performance of our competitors could result in limitations to our participation in or exclusion from these or other government programs. Specifically, several of our Medicaid contracts require us to maintain a Medicare health plan. In April 2016, CMS issued final regulations that revised existing Medicaid managed care rules by establishing a minimum **MLR** ~~medical loss ratio~~ standard for Medicaid of 85 % and strengthening provisions related to network adequacy and access to care, enrollment and disenrollment protections, beneficiary support information, continued service during beneficiary appeals, and delivery system and payment reform initiatives, among others. **In May** ~~On November 13, 2020~~ **2024** , CMS ~~finalized~~ **issued further** revisions to the Medicaid managed care regulations ~~, many of~~ which ~~became~~ **become** effective ~~in December~~ **between July** ~~2020~~ **2024 and July** ~~. While not a wholesale revision of the 2016 regulations, the November 2020~~ **2027 . The 2024** ~~final~~ **Final** ~~rule~~ **Rule** ~~adopted~~ **focused on** changes in areas including ~~network adequacy~~ **access to care** , ~~beneficiary protections~~ **delivery system and payment reform initiatives** , **MLR standards and** quality oversight ~~and the establishment of capitation rates and payment policies~~ . Although we strive to comply with all existing regulations and to meet performance standards applicable to our business, failure to meet these requirements could result in financial fines and penalties. Also, states or other governmental entities may carve out certain services and benefits from the government programs in which we participate, or they may not allow us to continue to participate in their government programs or we may fail to win procurements to participate in such programs, any of which could materially and adversely affect our results of operations, financial condition and cash flows. **Our** ~~In addition, as a result of the expansion of our businesses and operations conducted in foreign countries, we face political, economic, legal, compliance, regulatory, operational and other risks and exposures that are unique and vary by jurisdiction. These foreign regulatory requirements with respect to, among other items, environmental, tax, licensing, intellectual property, privacy, data protection, investment, capital, management control, labor relations, and fraud and corruption regulations are different than those faced by our domestic businesses. In addition, we are subject to U. S. laws that regulate the conduct and activities of U. S.- based businesses operating abroad, such as the FCPA, and as well as anti- bribery and anti- corruption laws in other jurisdictions (such as the U. K. Bribery Act). Any failure to comply with laws and regulations governing our conduct outside the United States or to successfully navigate international regulatory regimes that apply to us could subject us to civil and criminal penalties and could adversely affect our~~ ability to **provide** ~~market our products and~~ services ~~, which may have a material adverse effect on our business, financial condition,~~ and ~~results of operations. Our~~ **support to manage our members'** pharmacy ~~services~~ **benefits** face regulatory ~~and other competitive~~ risks and uncertainties which could materially and adversely affect our results of operations, financial condition and cash flows. We ~~historically provided~~ - **provide** ~~PBM~~ services and ~~continue~~ **support** to ~~provide certain~~ **manage our members'** pharmacy benefits **. These** ~~administration and specialty pharmacy~~ services ~~. We have transitioned substantially all of our PBM business to a third party as of January 1, 2023. These businesses~~ are ~~subject to federal and state laws and regulations that, among other requirements, govern the relationships of the business with pharmaceutical manufacturers, physicians, pharmacies, customers, and consumers. For example, several states have made claims related to PBM services including among other things, (i) claims seeking payment for services already reimbursed, (ii) claims alleging the failure to accurately disclose the true cost of the PBM services, and (iii) claims alleging inflation of dispensing fees for prescription drugs. For additional information, see Note 17. Contingencies to the consolidated financial statements included in Part II of this Annual Report on Form 10- K. Additional claims, reviews, or investigations may still be brought by other states, the federal government, or shareholder litigants. Our specialty pharmacy business is~~ subject to extensive federal, state and local laws and regulations. In addition, federal and state legislatures and regulators regularly consider new regulations for the industry that could materially and adversely affect current industry practices, including **ownership of pharmacies by insurance companies,** the receipt or disclosure of rebates from pharmaceutical companies, the development and use of formularies and the use of average wholesale prices. Our specialty pharmacy business would be materially and adversely affected by an inability to contract on favorable terms with pharmaceutical manufacturers and other suppliers, though we use a network of specialty pharmacies beyond AcariaHealth. Disruptions at any of our specialty pharmacies due to an event that is beyond our control could affect our ability to process and dispense prescriptions in a timely manner and could materially and adversely affect our results of operations, financial condition and cash flows. Contracts in the prescription drug industry generally use pricing metrics published by third parties as benchmarks to establish pricing for prescription drugs. If these benchmarks are no longer published by third parties, or we, or our contractual partners, adopt other pricing benchmarks for establishing prices within the industry, or legislation or regulation requires the use of other pricing benchmarks, or future

changes in drug prices substantially deviate from our expectations, the short- or long- term impacts may have a material adverse effect on our business and results of operations. We have been and may from time to time become involved in costly and time-consuming litigation and other regulatory proceedings, which require significant attention from our management and could adversely affect our business. From time to time, we are a defendant in lawsuits and regulatory actions and are subject to investigations relating to our business, including, without limitation, medical malpractice claims; claims by members and providers alleging failure to timely and accurately pay for or provide healthcare; claims related to non- payment or insufficient payments for out- of- network services; claims related to **provider directory accuracy, claims related to** network adequacy; claims alleging bad faith; compliance with CMS Medicare and Marketplace regulations, including risk adjustment and broker compensation; claims related to the False Claims Act, the calculation of minimum MLR and rebates related thereto ~~,~~**;** claims related to privacy, intellectual property and vendor disputes; investigations regarding our submission of risk adjuster claims; putative securities class actions; protests and appeals related to Medicaid procurement awards; cybersecurity issues, including those related to our or our third- party vendors' information systems; employment- related disputes, including wage and hour claims; submissions to state agencies related to payments or state false claims acts, preauthorization penalties, timely review of grievance and appeals; and claims related to the imposition of new taxes, including but not limited to claims that may have retroactive application. ~~For example, several states have made claims related to services previously provided by Envolve, which historically provided PBM and specialty pharmacy services, including among other things, (i) claims seeking payment for services already reimbursed, (ii) claims alleging the failure to accurately disclose the true cost of the PBM services and (iii) claims alleging inflation of dispensing fees for prescription drugs. For additional information, see Note 17. Contingencies to the consolidated financial statements included in Part II of this Annual Report on Form 10- K. Additional claims, reviews or investigations may be brought by other states, the federal government or shareholder litigants, and there is no guarantee we will have the ability to settle such claims with other states within the reserve estimate we have recorded, on other acceptable terms, or at all.~~ Although we maintain some third- party insurance coverage, including excess liability insurance with third- party insurance carriers, certain liabilities or types of damages, such as punitive damages, may not be covered by insurance, insurers may dispute coverage or the amount of insurance may be insufficient to cover the entire damages awarded. In addition, regardless of the outcome of any litigation or regulatory proceedings, such proceedings are costly and time- consuming and require significant attention from our management and could therefore have a material adverse effect on our business and financial condition, results of operations or cash flows. If we fail to comply with applicable data privacy and security laws, regulations, rules, standards and contractual obligations, including with respect to third- party **vendors** ~~service providers~~ that utilize sensitive personal information on our behalf, our business, reputation, results of operations, financial condition and cash flows could be materially and adversely affected. As part of our normal operations, we and our third **-** party vendors collect, retain and otherwise process confidential member information, including personal information. We and our third **-** party vendors are subject to various federal, state and international laws, regulations, rules, standards and contractual requirements regarding the use, disclosure and other processing of confidential member information (including personal information), including HIPAA, the HITECH Act, the Gramm- Leach- Bliley Act, ~~the GDPR and its equivalent in the United Kingdom (U. K. GDPR),~~ which require us to protect the privacy of medical records and safeguard personal health information we maintain, use and otherwise process. **Additionally, legislative and regulatory action at the federal, state and local levels is emerging in the areas of artificial intelligence and automation.** These laws, rules and contractual requirements are subject to change and the regulatory environment surrounding data privacy and security laws is increasingly demanding. Compliance with existing or new data privacy and security laws, regulations and requirements may result in increased operating costs, and may constrain or require us to alter our business model or operations. In some cases, such laws, rules, regulations and contractual requirements also apply to our third- party ~~providers~~ **vendors** and require us to obtain written assurances of their compliance with such requirements. Certain of our businesses are also subject to the Payment Card Industry Data Security Standard, which is a multifaceted security standard that is designed to protect credit card account data as mandated by payment card industry entities. From time to time, Congress also has considered, and may currently be considering, various proposals for other data privacy and security laws to which we may become subject if passed. **We expect there will continue to be new proposed laws, regulations and industry standards concerning privacy, data protection, information security, and artificial intelligence and automation in the U. S. and other jurisdictions, and we cannot yet determine the impacts such future laws, regulations and standards may have on our businesses or the businesses of our customers.** At the U. S. state level, we may be subject to laws and regulations such as the California Consumer Privacy Act (as amended by the California Privacy Rights Act, collectively, the CCPA), which broadly defines personal information and gives California residents expanded privacy rights and protections, such as affording them the right to access and request deletion of their information and to opt out of certain sharing and sales of personal information. Numerous other states also have enacted, or are in the process of enacting or considering, comprehensive state- level data privacy and security laws and regulations that share similarities with the CCPA. Moreover, laws in all 50 U. S. states require businesses to provide notice under certain circumstances to consumers whose personal information has been disclosed as a result of a data breach. ~~We are subject to the data privacy laws of non- U. S. jurisdictions, such as the GDPR and U. K. GDPR, which impose stringent operational requirements on both data controllers and data processors and introduces significant penalties for non- compliance. While the GDPR and the U. K. GDPR remain substantially similar for the time being, the U. K. government has announced that it would seek to chart its own path on data protection and reform its relevant laws, including in ways that may differ from the GDPR. Legal developments in the European Economic Area (EEA) and the U. K. also have created complexity and uncertainty regarding processing and transfers of personal data from the EEA and the U. K. to the United States and other so- called third countries outside the EEA and the U. K. that have not been determined by the relevant data protection authorities to provide an adequate level of protection for privacy rights.~~ Further, while we strive to publish and prominently display privacy policies that are accurate, comprehensive,

and compliant with applicable laws, regulations, rules and industry standards, we cannot ensure that our privacy policies and other statements regarding our practices will be sufficient to protect us from claims, proceedings, liability or adverse publicity relating to data privacy and security. Although we endeavor to comply with our privacy policies and to obtain written assurances of our third - party ~~providers~~ **vendors** ' compliance, we may at times fail to do so or be alleged to have failed to do so. The publication of our privacy policies and other documentation that provide promises and assurances about data privacy and security can subject us to potential government or legal action if they are found to be deceptive, unfair, or misrepresentative of our actual practices. Any concerns about our data privacy and security practices, even if unfounded, could damage our reputation and adversely affect our business **. We increasingly rely on new and evolving technologies, including those powered by or incorporating artificial intelligence, as part of our internal operations and in the delivery of our products and services. These new technologies could present ethical, technological, legal, regulatory and other risks. We are required by certain regulators to develop and implement policies and procedures to promote and sustain the responsible design, development, and use of artificial intelligence. Any inadequacy or failure in designing, implementing or complying with such policies and procedures, or failure in complying with emerging laws, regulations and standards governing artificial intelligence, could adversely affect our operations that use or rely on artificial intelligence, or could materially and adversely affect our business, reputation, results of operations, financial position and cash flows** . Any failure or perceived failure by us to comply with our privacy policies, or applicable data privacy and security laws, regulations, rules, standards or contractual obligations, or any compromise of security that results in unauthorized access to, or unauthorized loss, destruction, use, modification, acquisition, disclosure, release or transfer of personal information, may result in requirements to modify or cease certain operations or practices, the expenditure of substantial costs, time and other resources, proceedings or actions against us, legal liability, governmental investigations, enforcement actions, claims, fines, judgments, awards, penalties, sanctions and costly litigation (including class actions). Any of the foregoing could harm our reputation, distract our management and technical personnel, increase our costs of doing business, adversely affect the demand for our products and services, and ultimately result in the imposition of liability, any of which could have a material adverse effect on our business, financial condition and results of operations. If we fail to comply with the extensive federal and state fraud, waste and abuse laws, our business, reputation, results of operations, financial condition and cash flows could be materially and adversely affected. We, along with other companies involved in public healthcare programs, have been, and from time to time are, the subject of federal and state fraud, waste and abuse investigations. The regulations and contractual requirements applicable to participants in these public sector programs are complex and subject to change. Violations of fraud, waste and abuse laws applicable to us could result in civil monetary penalties, criminal fines and imprisonment and / or exclusion from participation in Medicaid, Medicare, ~~TRICARE~~ and other federal healthcare programs and federally funded state health programs. Fraud, waste and abuse prohibitions encompass a wide range of activities, including kickbacks for referral of members, incorrect and unsubstantiated billing or billing for unnecessary medical services, improper marketing and violations of patient privacy rights. These fraud, waste and abuse laws include the federal False Claims Act, which prohibits the known filing of a false claim or the known use of false statements to obtain payment from the federal government, and the federal anti-kickback statute, which prohibits the payment or receipt of remuneration to induce referrals or recommendations of healthcare items or services. Many states have fraud, waste and abuse laws, including false claim act and anti- kickback statutes that closely resemble the federal False Claims Act and the federal anti- kickback statute. In addition, the Deficit Reduction Act of 2005 encouraged states to enact state- versions of the federal False Claims Act that establish liability to the state for false and fraudulent Medicaid claims and that provide for, among other things, claims to be filed by qui tam relators (private parties acting on the government' s behalf). Federal and state governments have made investigating and prosecuting healthcare fraud, waste and abuse a priority. In the event we fail to comply with the extensive federal and state fraud, waste and abuse laws, our business, reputation, results of operations, financial condition and cash flows could be materially and adversely affected. At the federal level, HIPAA and the HITECH Act broadened the scope of fraud, waste and abuse laws under HIPAA applicable to healthcare companies and established enforcement mechanisms to combat fraud, waste and abuse, including civil and, in some instances, criminal penalties for failure to comply with specific standards relating to the privacy, security and electronic transmission of protected health information. The HITECH Act expanded the scope of these provisions by mandating individual notification in instances of breaches of protected health information, providing enhanced penalties for HIPAA violations, and granting enforcement authority to states' Attorneys General in addition to the HHS Office for Civil Rights. It is possible that Congress may enact additional legislation in the future to increase the amount or application of penalties and to create a private right of action under HIPAA, which could entitle patients to seek monetary damages for violations of the privacy and security provisions. We might be adversely impacted by tax legislation or challenges to our tax positions. We are subject to the tax laws in the U. S. at the federal, state and local government levels and to the tax laws of other jurisdictions in which we operate. Tax laws might change in ways that adversely affect our tax positions, effective tax rate and cash flow. ~~In August 2022, the U. S. federal government enacted the Inflation Reduction Act, which imposed a 15 % corporate minimum tax on certain large corporations and a 1 % tax on share repurchases after December 31, 2022. The tax laws are extremely complex and subject to varying interpretations.~~ We are subject to tax examinations in various jurisdictions that might assess additional tax liabilities against us. Our tax reporting positions might be challenged by relevant tax authorities, we might incur significant expense in our efforts to defend those challenges and we might be unsuccessful in those efforts. Developments in examinations and challenges might materially change our provision for taxes in the affected periods and might differ materially from our historical tax accruals. Any of these risks might have a material adverse impact on our business, results of operations, financial condition and cash flows. Risks Relating to Conditions in the Financial Markets and Economy Our investment portfolio may suffer losses which could materially and adversely affect our results of operations or liquidity. We maintain a significant investment portfolio of cash equivalents and short- term and long- term investments in a variety of securities, which are subject to general credit,

liquidity, market and interest rate risks and will decline in value if interest rates increase or one of the issuers' credit ratings is reduced. As a result, we may experience a reduction in value or loss of our investments, which may have an adverse effect on our results of operations, liquidity and financial condition. In addition, changes in the economic environment, including periods of increased volatility in the securities markets, and **changes** ~~recent increases~~ in interest rates, can increase the difficulty of assessing investment impairment and increase the risk of potential impairment of these assets. There is continuing risk that declines in the fair value of our investments may occur and material impairments may be charged to income in future periods, resulting in recognized losses. Adverse credit market conditions may have a material adverse effect on our liquidity or our ability to obtain credit on acceptable terms. In the past, the securities and credit markets have experienced volatility and disruption. The availability of credit, from virtually all types of lenders, has at times been restricted. In the event we need access to additional capital to pay our operating expenses, fund subsidiary surplus requirements, make payments on or refinance our indebtedness, pay capital expenditures or fund acquisitions, our ability to obtain such capital may be limited and the cost of any such capital may be significant, particularly if we are unable to access our existing Revolving Credit Facility. Our access to additional financing will depend on a variety of factors such as prevailing economic and credit market conditions, the general availability of credit, the overall availability of credit to our industry, our credit ratings and credit capacity and perceptions of our financial prospects. Similarly, our access to funds may be impaired if regulatory authorities or rating agencies take negative actions against us. If one or any combination of these factors were to occur, our internal sources of liquidity may prove to be insufficient, and in such case, we may not be able to successfully obtain sufficient additional financing on favorable terms, within an acceptable time, or at all. We have substantial indebtedness outstanding and may incur additional indebtedness in the future. Such indebtedness could reduce our agility and may adversely affect our financial condition. As of December 31, ~~2023~~ **2024** , we had consolidated indebtedness of $ ~~17~~ **18** . ~~8~~ **5** billion. We may further increase or refinance our indebtedness in the future. This may have the effect, among other things, of subjecting us to additional restrictive covenants and reducing our flexibility to respond to changing business and economic conditions and increasing borrowing costs. Among other things, our Revolving Credit Facility and Term Loan Facility (collectively, the Company Credit Facility) and the indentures governing our notes require us to comply with various covenants that impose restrictions on our operations, including our ability to incur additional indebtedness, create liens, pay dividends, make certain investments or other restricted payments, sell or otherwise dispose of substantially all of our assets and engage in other activities. We are also exposed to interest rate risk to the extent of our variable rate indebtedness. ~~Increases~~ **Changes** in interest rates ~~have~~ **can** ~~increased~~ **increase** our cost of borrowing, and volatility in U. S. and global financial markets could impact our access to, or further increase the cost of, financing. Our Company Credit Facility also requires us to comply with a maximum debt **-** to **-** EBITDA ratio and a minimum fixed charge coverage ratio. These restrictive covenants could limit our ability to pursue our business strategies. In addition, any failure by us to comply with these restrictive covenants could result in an event of default under our Company Credit Facility and, in some circumstances, under the indentures governing our notes, which, in any case, could have a material adverse effect on our financial condition. Risks Associated with Mergers, Acquisitions, and Divestitures Previous or future acquisitions may not perform as expected and we may not realize the financial results expected from acquisitions or divestitures ~~, which may cause the market price of our common stock to decline~~ . The market price of our common stock is generally subject to volatility, and there can be no assurances regarding the level or stability of our share price at any time. The market price of our common stock may decline as a result of previous or future acquisitions and divestitures if, among other things, we are unable to achieve the expected cost and revenue synergies or growth in earnings, the operational cost savings estimates are not realized as rapidly or to the extent anticipated, the transaction costs related to the acquisitions or divestitures are greater than expected or if any financing related to the transactions is on unfavorable terms. The market price of our common stock also may decline if we do not achieve the perceived benefits of such acquisitions and divestitures as rapidly or to the extent anticipated by financial or industry analysts or if the effect of the acquisitions and divestitures on our financial condition, results of operations or cash flows is not consistent with the expectations of financial or industry analysts. We may be unable to successfully integrate our existing business with acquired businesses and realize the anticipated benefits of such acquisitions. We have acquired or may acquire in the future health plans participating in government- sponsored healthcare programs, contract rights and related assets of other health plans both in our existing service areas and in new markets and start- up operations in new markets or new products in existing markets. Although we review the records of companies or businesses we plan to acquire, it is possible that we could assume unanticipated liabilities or adverse operating conditions. In addition, the success of acquisitions we make will depend, in part, on our ability to successfully combine our existing business with such acquired businesses and realize the anticipated benefits, including synergies, cost savings, growth in earnings, innovation and operational efficiencies, from the combinations. In addition, we may be restricted in our ability to realize these synergies as a result of regulatory requirements. If we are unable to achieve these objectives within the anticipated time frame, or at all, the anticipated benefits may not be realized fully or at all or may take longer to realize than expected and the value of our common stock may decline. The integration of acquired businesses with our existing business is a complex, costly and time- consuming process. The integration may result in material challenges, including, without limitation: • the diversion of management' s attention from ongoing business concerns and performance shortfalls as a result of the devotion of management' s attention to the integration; • managing a larger company; • maintaining team member morale and retaining key management and other team members; • the possibility of faulty assumptions underlying expectations regarding the integration process; • retaining existing business and operational relationships and attracting new business and operational relationships; • consolidating corporate and administrative infrastructures and eliminating duplicative operations; • coordinating geographically separate organizations; • unanticipated issues in integrating information technology, communications, and other systems; • unanticipated changes in federal or state laws or regulations, including the ACA and any regulations enacted thereunder; • unforeseen expenses or delays associated with the acquisition and / or integration, including due to regulatory approval requirements and delays; • achieving actual cost savings

at the anticipated levels; and • decreases in premiums paid under government- sponsored healthcare programs by any state in which we operate. Many of these factors would be outside of our control and any one of them could materially affect our financial condition, results of operations and cash flows. Our ability to successfully manage the expanded business following any given acquisition will depend, in part, upon management' s ability to design and implement strategic initiatives that address the increased scale and scope of the combined business with its associated increased costs and complexity. There can be no assurances that we will be successful in managing our expanded operations as a result of acquisitions or that we will realize the expected growth in earnings, operating efficiencies, cost savings and other benefits. Our business and results of operations may be materially adversely affected if we fail to manage and complete divestitures. We regularly evaluate our portfolio to determine whether an asset or business is still consistent with our business strategy or whether there may be a more advantaged owner for that asset or business. When we decide to sell assets or a business, we may encounter difficulty finding buyers or alternative exit strategies, which could delay the achievement of our business strategy. Further, divestitures may be delayed due to failure to obtain required approvals on a timely basis, if at all, from governmental authorities, or may become more difficult to execute due to conditions placed upon approval that could, among other things, delay or prevent us from completing a transaction, or otherwise restrict our ability to realize the expected financial or strategic goals of a transaction. We might have financial exposure in a divested business, such as through minority equity ownership, financial or performance guarantees, indemnities or other obligations, such that conditions outside of our control might negate the expected benefits of the disposition. The impact of a divestiture on our results of operations could also be greater than anticipated. ~~35~~ **36**