Risk Factors Comparison 2024-02-07 to 2023-02-08 Form: 10-K

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You should carefully consider each of the following risks and uncertainties and all of the other information set forth in this 10-K. These risks and uncertainties and other factors may affect forward- looking statements, including those we make in this 10-K or elsewhere, such as in news releases or investor or analyst calls, meetings or presentations, on our websites or through our social media channels. The risks and uncertainties described below are not the only ones we face. There can be no assurance that we have identified all the risks that affect us. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial also may adversely affect our businesses. Any of these risks or uncertainties could cause our actual results to differ materially from our expectations and the expected results discussed in our forward- looking statements. You should not consider past results to be an indication of future performance. If any of the following risks or uncertainties develops into actual events or if the circumstances described in the risks or uncertainties occur or continue to occur, those events or circumstances could have a material adverse effect on our businesses, operating results, cash flows, financial condition and / or stock price, among other effects on us. You should read the following section in conjunction with the MD & A, included in Item 7 of this 10- K, our consolidated financial statements and the related notes, included in Item 8 of this 10- K, and our " Cautionary Statement Concerning Forward- Looking Statements " in this 10- K. Summary The following is a summary of the principal risks we face that could negatively impact our businesses, operating results, cash flows and / or financial condition: Risks Relating to Our Businesses • ~~The impact COVID- 19 will have on our businesses, operating results, cash flows and / or financial condition is uncertain, but the impact could be material and adverse. •~~ We may not be able to accurately forecast health care and other benefit costs. • Adverse economic conditions in the U. S. and abroad can materially and adversely impact our businesses, operating results, cash flows and financial condition. • Each of our segments operates in a highly competitive and evolving business environment. • A change in our Health Care Benefits product mix may adversely affect our profit margins **. • Our recent acquisitions of Signify Health and Oak Street Health subject us to new and additional risks beyond those to which we have been historically subject** . • We can provide no assurance that we will be able to compete successfully and profitably on Public Exchanges. • Negative public perception of the industries in which we operate can adversely affect our businesses, operating results, cash flows and prospects. • We must maintain and improve our relationships with our **retail and specialty pharmacy** customers and increase the demand for our products and services. • We face risks relating to the availability, pricing and safety profiles of prescription drugs that we purchase and sell. • The reserves we hold for expected claims in our Insured Health Care Benefits products are based on estimates that involve an extensive degree of judgment and are inherently variable, and any reserve, including a premium deficiency reserve, may be insufficient. • We are exposed to risks relating to the solvency of other insurers. Risks From Changes in Public Policy and Other Legal and Regulatory Risks • We are subject to potential changes in public policy, laws and regulations, including reform of the U. S. health care system and entitlement programs. • If we fail to comply with applicable laws and regulations, or fail to change our operations in line with any new legal or regulatory requirements, we could be subject to significant adverse regulatory actions. • If our compliance or other systems and processes fail or are deemed inadequate, we may suffer brand and reputational harm and become subject to **contractual damages,** regulatory actions and / or litigation. • We routinely are subject to litigation and other adverse legal proceedings, including class actions and qui tam actions. Many of these proceedings seek substantial damages which may not be covered by insurance. • We frequently are subject to regular and special governmental audits, investigations and reviews that could result in changes to our business practices and also could result in material refunds, fines, penalties, civil liabilities, criminal liabilities and other sanctions. • Our litigation and regulatory risk profiles are changing as we offer new products and services and expand in business areas beyond our historical ~~core~~ businesses **, and we may face increased regulatory risks related to our vertical integration strategy** . • We face unique regulatory and other challenges in our **PBM,** Public Exchange, Medicare and Medicaid businesses. • Programs funded in whole or in part by the U. S. federal government account for a significant portion of our revenues. • We may not be able to obtain adequate premium rate increases in our Insured Health Care Benefits products, MBRs and operating results **,** which could magnify the adverse impact of increases in health care and other benefit costs and of ACA assessments, fees and taxes. • Minimum MLR rebate requirements limit the level of margin we can earn in our Insured Health Care Benefits products while leaving us exposed to higher than expected medical costs. Challenges to our minimum MLR rebate methodology and / or reports could adversely affect our operating results. • Our operating results may be adversely affected by changes in laws and policies governing employers and by union organizing activity. Risks Associated with Mergers, Acquisitions, and Divestitures • We may be unable to successfully integrate companies we acquire. • We expect to continue to pursue acquisitions, joint ventures, strategic alliances and other inorganic growth opportunities, which may be unsuccessful, cause us to assume unanticipated liabilities, disrupt our existing businesses, be dilutive or lead us to assume significant debt, among other things. Risks Related to Our Operations • Failure to meet customer and investor expectations, including with respect to environmental, social and governance **(" ESG ")** goals, may harm our brand and reputation, our ability to retain and grow our customer base and membership. • We and our vendors have experienced and continue to experience information security incidents. We can provide no assurance that we or our vendors will be able to contain **,** detect or prevent ~~incident~~ **incidents** . • Data governance failures or the failure or disruption of our information technology or infrastructure can adversely affect our reputation, businesses and prospects. Our use and disclosure of members', customers' and other constituents' sensitive information is subject to complex regulations . • Product liability, product recall..... prevent us from maximizing our operating results . • Pursuing multiple information technology improvement initiatives simultaneously could

make continued development and implementation significantly more challenging .• Product liability,product recall ~~,professional liability~~ or personal injury issues could damage our reputation.• We face significant competition in attracting and retaining talented employees.Further,managing succession for,and retention of,key executives is critical to our success.• Sales of our products and services are dependent on our ability to attract and motivate internal sales personnel and independent third- party brokers,consultants and agents.We may be subject to penalties or other regulatory actions as a result of the marketing practices of brokers and agents selling our products.• Failure of our businesses to effectively collaborate could prevent us from maximizing **our operating results** . • We are subject to payment- related risks that could increase our operating costs, expose us to fraud or theft, subject us to potential liability and disrupt our business operations. • Both our and our vendors' operations are subject to a variety of business continuity hazards and risks that could interrupt our operations or otherwise adversely affect our performance and operating results. Financial Risks • We would be adversely affected by downgrades or potential downgrades in our credit ratings, should they occur, or if we do not effectively deploy our capital. • Goodwill and other intangible assets could, in the future, become impaired. • Adverse conditions in the U. S. and global capital markets can significantly and adversely affect the value of our investments in debt and equity securities, mortgage loans, alternative instruments and other investments. Risks Related to Our Relationships with Manufacturers, Providers, Suppliers and Vendors • We face risks relating to the market availability, pricing, suppliers and safety profiles of prescription drugs and other products that we purchase and sell. • We need to be able to maintain our ability to contract with providers on competitive terms and develop and maintain attractive networks with high quality providers. • If our suppliers or service providers fail to meet their contractual obligations to us or to comply with applicable laws or regulations, we may be exposed to brand and reputational harm, litigation and / or regulatory action. • We may experience increased medical and other benefit costs, litigation risk and customer and member dissatisfaction when providers that do not have contracts with us render services to our Health Care Benefits members. • Continuing consolidation and integration among providers and other suppliers may increase our costs and increase competition. ~~The impact of COVID- 19 underscores and amplifies certain risks we face. COVID- 19 has spread to every state in the U. S., has been declared a pandemic by the World Health Organization and has severely impacted the economies of the U. S. and other countries around the world. Although certain of the economic impacts of COVID- 19 have moderated and the restrictions imposed as a result of COVID- 19 have eased, a rise in infection rates, the development of new variants or viruses could result in, among other things, a return of the following: a reduction in discretionary utilization, the cancellation of elective medical procedures, reduced customer traffic and front store sales in our retail pharmacies, our customers being ordered to close or severely curtail their operations, the adoption of work- from- home policies and a reduction in diagnostic reporting due to reductions in health care provider visits and restrictions on our access to providers' medical records, all of which have had a negative impact on our businesses. In addition, as a result of legislative and / or regulatory responses to a rise in infection rates or the development of new variants or viruses, the premiums we charge in our Insured Health Care Benefits products may prove to be insufficient to cover the cost of medical services delivered to our insured medical members, which may increase significantly as a result of higher utilization rates of medical facilities and services and other increases in associated hospital and pharmaceutical costs. Over the course of the COVID- 19 pandemic, we implemented various initiatives, such as COVID- 19 related support programs for our customers, medical members and colleagues. If there is a rise in infection rates or the development of new variants or viruses, we may have to re- institute, extend or expand these initiatives, which could adversely impact our businesses, operating results, cash flows and / or financial condition. In addition, measures that were imposed to limit the spread of COVID- 19 may also be re- instituted, which may lead to impacts including, but not limited to, complete or partial facility closures, labor shortages, financial difficulties of third- party providers, supply chain disruptions and re- introduction of remote work arrangements. If any of the foregoing materializes, the Company' s ability to operate its businesses effectively may be adversely affected and other risks to the Company, such as the risk of cybersecurity attacks, may be amplified, and the impact on our businesses, operating results, cash flows and / or financial condition would be uncertain but could be adverse and material. COVID- 19 also may result in legal and regulatory proceedings, investigations and claims against us. We believe COVID- 19' s continuing impact on our businesses, operating results, cash flows and / or financial condition primarily will be driven by vaccination rates; the severity of any new COVID- 19 variants and the continued effectiveness of vaccines; and whether federal, state and local governments reinstitute and / or intensify policies and initiatives designed to reduce the transmission of COVID- 19, including new and existing variants, and to address the financial impacts of a pandemic through additional legislation and other support programs. These primary drivers are beyond our knowledge and control.~~ We may not be able to accurately forecast health care and other benefit costs **, including as a result of pandemics or disease outbreaks** , which could adversely affect our Health Care Benefits segment' s operating results. There can be no assurance that future health care and other benefits costs will not exceed our projections. ~~COVID- 19 has caused and may continue to cause unanticipated and significant volatility in our health care and other benefits costs, including COVID- 19 related testing and vaccination and post- acute care skilled nursing facility and behavioral health costs. In January 2021, the President of the United States issued an executive order to support government efforts to expand access, availability and use of COVID- 19 diagnostic, screening and surveillance and addressed the cost of COVID- 19 testing by facilitating COVID- 19 testing free of charge to those who lack comprehensive health insurance and clarifying group health plans' and health insurance issuers' obligations to provide coverage for COVID- 19 testing. In January 2022, the HHS announced that commercial health insurers must cover the cost of up to eight rapid COVID- 19 OTC test kits per individual per 30- day period. In addition, the timing of vaccine administration to the general public and related costs as well as the identification of new, more infectious strains of the COVID- 19 virus and whether the vaccines will be effective against such new strains are uncertain and may impact our MBR.~~ Premiums for our Insured Health Care Benefits products, which comprised ~~93~~ **94** % of our Health Care Benefits revenues for ~~2022~~ **2023** , are priced in advance based on our forecasts of health care and other benefit costs during a fixed premium period, which is generally twelve months. These forecasts are typically developed several months before the fixed premium period begins, are influenced by historical data (and recent historical data in

particular), are dependent on our ability to anticipate and detect medical cost trends and changes in our members' behavior and health care utilization patterns and medical claim submission patterns and require a significant degree of judgment. For example, our revenue on Medicare policies is based on bids submitted in June of the year before the contract year. Cost increases in excess of our projections cannot be recovered in the fixed premium period through higher premiums. As a result, our profits are particularly sensitive to the accuracy of our forecasts of the increases in health care and other benefit costs that we expect to occur and our ability to anticipate and detect medical cost trends. ~~For 2023, those forecasts include adjustments made to pricing based on prospective expectations for liabilities due to testing, vaccines, direct COVID- 19 treatment and deferred care. Risk- adjusted revenue has been adjusted for deferred care, and forecasted enrollment considers assumptions about the economic environment, though COVID- 19 related impacts remain uncertain.~~ During periods when health care and other benefit costs, utilization and / or medical costs trends experience significant volatility and medical claim submission patterns are changing rapidly **,** as ~~a result of~~ **they did during the** COVID- 19 **pandemic** , accurately detecting, forecasting, managing, reserving and pricing for our (and our self- insured customers') medical cost trends and incurred and future health care and other benefits costs is more challenging. There can be no assurance regarding the accuracy of the health care or other benefit cost projections reflected in our pricing, and whether our health care and other benefit costs ~~(including COVID- 19 related testing and vaccination and post- acute care skilled nursing facility and behavioral health costs)~~ will be affected by **pandemics, disease outbreaks** ~~COVID- 19 or other variants or viruses~~ and other external events over which we have no control. Even relatively small differences between predicted and actual health care and other benefit costs as a percentage of premium revenues can result in significant adverse changes in our Health Care Benefits segment' s operating results. **While the public health emergency related to COVID- 19 expired in May 2023, COVID- 19 still exists and it may, like many other respiratory viruses, wax and wane depending on geography and seasonality. The future impact COVID- 19 will have on the Company and its ability to accurately forecast health care and other benefit costs is uncertain, and will depend on geographies impacted, whether new variants emerge and their severity, the availability and costs of testing, vaccination and treatment, and legal and regulatory actions. COVID- 19 may also impact provider behavior, utilization trends, membership, and overall economic conditions. These impacts could be adverse and material.** A number of factors contribute to rising health care and other benefit costs, including ~~COVID- 19 or other variants or viruses,~~ previously uninsured members entering the health care system ~~,~~**; Medicare members' utilization of supplemental benefits; other** changes in members' behavior ~~and~~ **,** health care utilization patterns ~~,~~**and utilization management;** turnover in our membership, **health care provider and member fraud;** additional government mandated benefits or other regulatory changes ~~(~~**,** including ~~under~~ **changes to or as a result of** the **ACA;** ~~Families First Act, the CARES Act, and the American Rescue Plan Act),~~ changes in the health status of our members ~~,~~**;** the aging of the population and other changing demographic characteristics ~~,~~**;** advances in medical technology ~~,~~**;** increases in the number and cost of prescription drugs (including specialty pharmacy drugs and ultra-high cost drugs and therapies) ~~,~~**;** direct- to- consumer marketing by drug manufacturers ~~,~~**;** the increasing influence of social media on our members' health care utilization and other behaviors ~~,~~**; the shift to a consumer- driven business model;** changes in health care practices and general economic conditions (such as inflation and employment levels) **; increases in labor** ~~. In addition, government- imposed limitations on Medicare and Medicaid reimbursements to health plans and providers have caused the private sector to bear a greater share of increasing health care and other benefits~~ costs ~~over time~~ **; pandemics** , ~~and future amendments to the ACA that increase the uninsured population may amplify this issue. Other factors that affect our health care and other benefit costs include~~ epidemics or **disease outbreaks;** ~~other pandemics, changes as a result of the ACA, changes to the ACA and other changes in the regulatory environment, the evolution toward a consumer driven business model, new technologies,~~ influenza- related health care costs (which may be substantial and higher than we expected) ~~,~~**;** clusters of high-cost cases **; natural disasters** ~~, health care provider~~ and ~~member fraud,~~ **extreme weather events (which may increase in frequency or intensity as a result of climate change);** and numerous other factors that are or may be beyond our control. For example, **the 2022- 2023 influenza season had an earlier than average start;** the 2020- 2021 influenza season was impacted by efforts taken to reduce the spread of COVID- 19; and the 2019- 2020 influenza season ~~had an earlier~~ **maintained a high level of severity for a longer period of time** than average ~~start~~ **. In addition, government- imposed limitations on Medicare** and ~~had~~ **Medicaid reimbursements to health plans and providers have caused the private sector to bear** a ~~higher incidence~~ **greater share** of ~~influenza than~~ **increasing health care and** ~~the~~ **other** ~~2018- 2019 influenza season~~ **benefits costs over time, and future amendments to the ACA that increase the uninsured population may amplify this issue** . Our Health Care Benefits segment' s operating results and competitiveness depend in large part on our ability to appropriately manage future health care and other benefit costs through underwriting criteria, product design, provider network configuration, negotiation of favorable provider contracts and medical management programs. Our medical cost management programs may not be successful and may have a smaller impact on health care and benefit costs than we expect. The factors described above may adversely affect our ability to predict and manage health care and other benefit costs, which can adversely affect our competitiveness and operating results. Furthermore, if we are not able to accurately and promptly anticipate and detect medical cost trends or accurately estimate the cost of incurred but not yet reported claims or reported claims that have not been paid, our ability to take timely corrective actions to limit future health care costs and reflect our current benefit cost experience in our pricing process may be limited, which would further amplify the extent of any adverse impact on our operating results. These risks are particularly acute during periods when health care and other benefit costs, utilization and / or medical cost trends experience significant volatility and medical claim submission patterns are changing rapidly **,** as ~~a result of~~ **they did during the** COVID- 19 **pandemic** . Such risks are further magnified by the ACA and other existing and future legislation and regulations that limit our ability to price for our projected and / or experienced increases in utilization and / or medical cost trends. ~~Many of the requirements set forth above may change once the PHE expires. The Biden administration recently renewed the PHE on January 11, 2023 and has indicated that they intend for the PHE to expire on May 11, 2023. There can be no assurance that~~

~~future health care and other benefits costs will not exceed our projections.~~ Adverse economic conditions in the U. S. and abroad can materially and adversely impact our businesses, operating results, cash flows and financial condition, and we do not expect these conditions to improve in the near future. Adverse economic conditions in the U. S. and abroad, including those caused by inflation, high interest rates ~~,~~ **and** supply chain disruptions ~~and COVID- 19~~ , can materially and adversely impact our businesses, operating results, cash flows and financial condition, including: • In our ~~Pharmacy~~ **Health** Services segment, by causing drug utilization to decline, reducing demand for PBM services and adversely affecting the financial health of our PBM clients. • In our ~~Retail / LTC~~ **Pharmacy & Consumer Wellness** segment, by causing drug utilization to decline, changing consumer purchasing power, preferences and / or spending patterns leading to reduced consumer demand for products sold in our stores, potentially increasing levels of theft at our retail locations and adversely affecting the financial health of our LTC pharmacy customers. • By causing our existing customers to reduce workforces (including due to business failures), which would reduce our revenues, the number of covered lives in our PBM clients and / or the number of members our Health Care Benefits segment serves. • By causing our clients and customers..... our financial condition. Furthermore, reductions **Reductions** in workforce by our customers can **also** cause unanticipated increases in the health care and other benefits costs of our Health Care Benefits segment. For example, our business associated with members who have elected to receive benefits under Consolidated Omnibus Budget Reconciliation Act (known as " COBRA ") typically has an MBR that is significantly higher than our overall Commercial MBR. • By causing our clients and customers and potential clients and customers,particularly those with the most employees or members,and state and local governments,to force us to compete more vigorously on factors such as price and service,including service,discount and other performance guarantees,to retain or obtain their business.• By causing customers and potential customers of our Health Care Benefits and ~~Retail / LTC~~ **Pharmacy & Consumer Wellness** segments to purchase fewer products and / or products that generate less profit for us than the ones they currently purchase or otherwise would have purchased.• By causing customers and potential customers of our Health Care Benefits segment,particularly smaller employers and individuals,to forego obtaining or renewing their health and other coverage with us.• In our Health Care Benefits segment,by causing unanticipated increases and volatility in utilization of medical and other covered services ~~,including COVID- 19 related testing,vaccination and behavioral health services,~~ by our medical members **,increases in fraudulent claims and claim disputes** ,changes in medical claim submission patterns and / or increases in medical unit costs and / or provider behavior **as hospitals and other providers attempt to maintain revenue levels in their efforts to adjust to their own economic challenges** ,each of which would increase our costs and limit our ability to accurately detect,forecast,manage,reserve and price for our (and our self- insured customers') medical cost trends and incurred and future health care and other benefits costs ~~.• By increasing medical unit costs and causing changes in provider behavior in our Health Care Benefits segment as hospitals and other providers attempt to maintain revenue levels in their efforts to adjust to their own economic challenges~~ .• By weakening the ability or perceived ability of the issuers and / or guarantors of the debt or other securities we hold in our investment portfolio to perform on their obligations to us,which could result in defaults in those securities and has reduced,and may further reduce,the value of those securities and has created,and may continue to create,net realized capital losses for us that reduce our operating results.• By weakening the ability of our customers,including self- insured customers in our Health Care Benefits segment,medical providers and the other companies with which we do business as well as our medical members to perform their obligations to us or causing them not to perform those obligations,either of which could reduce our operating results.• By weakening the ability of our former subsidiaries and / or their purchasers to satisfy their lease obligations that we have guaranteed and causing the Company to be required to satisfy those obligations.• By weakening the financial condition of other insurers,including long- term care insurers and life insurers,which increases the risk that we will receive significant assessments for obligations of insolvent insurers to policyholders and claimants.• By continuing to cause ~~,over time,~~ inflation that could cause interest rates to further increase and thereby further increase our interest expense and reduce our operating results,as well as further decrease the **value of the debt securities we hold in our investment portfolio,which would further reduce our operating results and / or adversely affect our financial condition.** Each of our segments operates in a highly competitive and evolving business environment; and operating income in the industries in which we compete may decline. Each of our segments, Health Care Benefits, ~~Pharmacy~~ **Health** Services, which includes our PBM business, and ~~Retail / LTC~~ **Pharmacy & Consumer Wellness** , operates in a highly competitive and evolving business environment. Specifically: • As competition increases in the geographies in which we operate, including competition from new entrants, a significant increase in price compression and / or reimbursement pressures could occur, and this could require us to reevaluate our pricing structures to remain competitive. • In our Health Care Benefits segment, we are seeking to ~~substantially~~ grow our ~~Medicaid,~~ dual eligible ~~and dual eligible special needs~~ plan membership over the next several years. In many instances, to acquire and retain our government customers' business, we must bid against our competitors in a highly competitive environment. Winning bids often are challenged successfully by unsuccessful bidders, and may also be withdrawn or cancelled by the issuing agency. **CMS has proposed requiring that health plans offering certain dual eligible programs must also offer Medicaid programs, which could further impact the Company' s ability to obtain or retain membership in its dual eligible programs.** • Customer contracts in our Health Care Benefits segment are generally for a period of one year, and our customers have considerable flexibility in moving between us and our competitors. We may lose members to competitors with more favorable pricing, or our customers may purchase different types of products from us that are less profitable, adversely affecting our revenues and operating results. In addition, our Medicare, Medicaid and CHIP products are subject to termination without cause, periodic re- bid, rate adjustment and program redesign, as customers seek to contain their benefit costs, particularly in an uncertain economy, and our exposure to this risk is increasing as we grow our Government products membership. These actions may adversely affect our membership, revenues and operating results. • We requested increases in our premium rates in our Commercial Health Care Benefits business for ~~2023~~ **2024** and expect to request future increases in those rates in order to adequately price for projected medical cost trends, required expansions of coverage and rating limits, and

significant assessments, fees and taxes imposed by federal and state governments, including as a result of the ACA. Our rates also must be adequate to reflect the risk that our products will be selected by people with a higher risk profile or utilization rate than the pool of participants we anticipated when we established pricing for the applicable products (also known as " adverse selection "), particularly in small group Commercial products. These rate increases may be significant and thus heighten the risks of adverse publicity, adverse regulatory action and adverse selection and the likelihood that our requested premium rate increases will be denied, reduced or delayed, which could lead to operating margin compression. • The competitive success of our ~~Pharmacy~~ **Health** Services segment is dependent on our ability to establish and maintain contractual relationships with network pharmacies. • The competitive success of our ~~Retail / LTC~~ **Pharmacy & Consumer Wellness** segment and our specialty pharmacy operations is dependent on our ability to establish and maintain contractual relationships with PBMs and other payors on acceptable terms as the payors' clients evaluate adopting narrow or restricted retail pharmacy networks. • In our PBM business, we maintain contractual relationships with brand name drug manufacturers that provide for purchase discounts and / or rebates on drugs dispensed by pharmacies in our retail network and by our specialty and mail order pharmacies (all or a portion of which may be passed on to clients). Manufacturer' s rebates often depend on a PBM' s ability to meet contractual requirements, including the placement of a manufacturer' s products on the PBM' s formularies. If we lose our relationship with one or more drug manufacturers, or if the discounts or rebates provided by drug manufacturers decline, our operating results, cash flows and / or prospects could be adversely affected. • If laws or regulations are promulgated that limit the number of PBMs available in a particular business or geography, competition in those businesses and geographies could be amplified and could adversely affect our revenues and operating results. • The PBM industry has been experiencing price compression as a result of competitive pressures and increased client demands for lower prices ~~,~~ **;** increased revenue sharing, including sharing in a larger portion of **payments, including** rebates **and fees, to PBMs and group purchasing organizations** received from drug manufacturers ~~,~~ **;** enhanced service offerings and / or higher service levels. Marketplace dynamics and regulatory changes also have adversely affected our ability to offer plan sponsors pricing that includes the use of retail " differential " or " spread, " which could adversely affect our future profitability, and we expect these trends to continue. • Our retail pharmacy, specialty pharmacy and LTC pharmacy operations have been affected by reimbursement pressure caused by competition, including client demands for lower prices, generic drug pricing, earlier than expected generic drug introductions and network reimbursement pressure. If we are unable to increase our prices to reflect, or otherwise mitigate the impact of, increasing costs, our profitability will be adversely affected. If we are unable to limit our price increases, we may lose customers to competitors with more favorable pricing, adversely affecting our revenues and operating results. • A shift in the mix of our pharmacy prescription volume towards programs offering lower reimbursement rates as a result of competition or otherwise could adversely affect our margins, including the ongoing shift in pharmacy mix towards 90- day prescriptions at retail and the ongoing shift in pharmacy mix towards Medicare Part D prescriptions. • PBM client contracts often are for a period of approximately three years. However, PBM clients may require early or periodic re- negotiation of pricing prior to contract expiration. PBM clients are generally well informed, can move between us and our competitors and often seek competing bids prior to expiration of their contracts. We are therefore under pressure to contain price increases despite being faced with increasing drug costs and increasing operating costs. If we are unable to increase our prices to reflect, or otherwise mitigate the impact of, increasing costs, our profitability will be adversely affected. If we are unable to limit our price increases, we may lose customers to competitors with more favorable pricing, adversely affecting our revenues and operating results. • The operating results and margins of our LTC business are further affected by the increased efforts of health care payors to negotiate reduced or capitated pricing arrangements and by the financial health of, and purchases and sales of, our LTC customers. In addition, competitors in each of our businesses may offer services and pricing terms that we may not be willing or able to offer. Competition also may come from new entrants and other sources in the future. Unless we can demonstrate enhanced value to our clients through innovative product and service offerings in the rapidly changing health care industry, we may be unable to remain competitive. Disruptive innovation by existing or new competitors could alter the competitive landscape in the future and require us to accurately identify and assess such alterations and make timely and effective changes to our strategies and business model to compete effectively. For example, decisions to buy our Health Care Benefits and ~~Pharmacy~~ **Health** Services products and services increasingly are made or influenced by consumers, either through direct purchasing (e. g., Medicare Advantage plans and PDPs) or through Public Exchanges and private health insurance exchanges that allow individual choice. Consumers also are increasingly seeking to access consumer goods and health care products and services locally and through other direct channels such as mobile devices and websites. To compete effectively in the consumer- driven marketplace, we will be required to develop or acquire new capabilities, attract new talent and develop new service and distribution relationships that respond to consumer needs and preferences. Changes in marketplace dynamics or the actions of competitors or manufacturers, including industry consolidation, the emergence of new competitors and strategic alliances, and decisions to exclude us from new narrow or restricted retail pharmacy networks could materially and adversely affect our businesses, operating results, cash flows and / or prospects **. We consummated the Signify Health acquisition in March 2023 through which we expanded our offerings to include health risk assessments, value- based care and provider enablement services, and we also consummated the Oak Street Health acquisition in May 2023 through which we offer multi- payor, senior- focused, value- based primary care for Medicare- eligible patients, broadening our ability to provide primary care services. The Signify Health and the Oak Street Health businesses are subject to many of the risks described in this Item 1A, as well as certain additional risks that are different from the risks our businesses have historically faced. The additional risks to which our Signify Health business is subject include, but are not limited to, the following: • ability to recruit, retain and grow its network of credentialed, high- quality physicians, physician assistants and nurse practitioners to provide clinical services in highly competitive markets for talent ; • successful challenges to Signify Health' s treatment of health care providers as independent contractors, which could result in increased costs and subject the business to regulatory sanction; •**

dependence on a concentrated number of key health plan customers; • the quality of the information received about plan members of such health plans for whom Signify Health will seek to provide in- home evaluations and other services, and the regulatory restrictions and requirements associated with directly contacting plan members; • ability to perform and ensure the quality of health risk assessments; • ability to achieve and receive shared health care cost savings; • the regulatory and business risks associated with participation in certain government health care programs, including the Medicare Shared Savings Program through Signify Health' s Caravan accountable care organizations (" ACOs ") and identification of diagnosis codes related to risk adjustment payments under Part C of the Medicare program; • health reform initiatives and changes in the rules governing government health care programs, including rules related to the use of in- home health risk assessments; and • use of " open source " software in its technology, which may make it easier for others to gain access or compromise its proprietary technology. The additional risks to which our Oak Street Health business is subject include, but are not limited to, the following: • ability to attract new Medicare- eligible patients and credentialed, high- quality physicians and other providers for senior- focused primary care in a highly competitive market for such patients and providers ; • satisfying the enrollment requirements under government health care programs for physicians and other providers in a timely manner; • dependence on a significant portion of revenue from Medicare or Medicare Advantage plans, which subjects Oak Street Health to reductions in Medicare reimbursement rates or changes in the rules governing the Medicare program; • dependence for a significant portion of revenue from agreements with a limited number of key payors with whom Oak Street Health contracts to provide services under terms that may permit a payor to amend the compensation arrangements or terminate the agreements without cause; • dependence on reimbursements from third- party payors, which can result in substantial delay, and on patients, through copayments and deductibles, which subjects Oak Street Health to additional reimbursement risk; • under the fixed fee (or capitated) agreements Oak Street Health enters into with health plans, the assumption of the risk that the actual cost of a service it provides to a patient exceeds the reimbursement provided by the health plan; • reductions in the quality ratings of Medicare health plans Oak Street Health serves could result in a shift of patients from, or the termination of, a health plan Oak Street Health serves; • submission of inaccurate, incomplete or erroneous data, including risk adjustment data, to health plans and government payors could result in inaccuracies in the revenue Oak Street Health records or receipt of overpayments, which may subject it to repayment obligations and penalties; • geographic concentration of its primary care centers; • risks associated with its existing legal proceedings and litigations; • laws regulating the corporate practice of medicine and the associated agreements entered into with physician practice groups restrict the manner in which the Oak Street Health business is able to direct the operations and otherwise exercise control of its physician practice groups; • changes in the legal treatment of its contractual arrangements with its physician practice groups could impact the ability to consolidate the revenue of these groups; and • ability to maintain and enhance its reputation and brand recognition. The additional risks faced by Signify Health and Oak Street Health may also compound, or be heightened by, many of our other risks, including the risks related to adverse economic conditions in the U. S. and abroad, cybersecurity, and compliance with applicable laws and regulations, among others. The Signify Health and the Oak Street Health businesses may also be subject to additional risks the existence or significance of which we may not have anticipated prior to the respective acquisitions of such businesses. Any risks associated with the Signify Health or the Oak Street Health business, if they materialize, could adversely affect our business, financial condition and results of operations, including our ability to timely and effectively integrate the businesses in our operations and the timing and extent of realization of synergies and other benefits that we expected in connection with the acquisitions. Our experience in managing the additional risks associated with the acquisitions is more limited than our experience in managing the risks associated with our historical businesses, and there is no assurance that we will be able to effectively manage or mitigate such risks . We can provide no assurance that we will be able to compete successfully on Public Exchanges or that our pricing or other actions will result in the profitability of our Public Exchange products. In January 2022, we entered into the Public Exchanges in eight states **, expanded to a total of twelve states in 2023,** and further expanded to a total of ~~twelve~~ **17** states in ~~January 2023~~ **2024** . To compete effectively on Public Exchanges, we have developed or acquired the technology, systems, tools and talent necessary to interact with Public Exchanges and engage Public Exchange consumers through enhanced consumer- focused sales, marketing channels and customer interfaces. We have also created new customer service programs and product offerings. While participating on the Public Exchanges, we will have to respond to pricing and other actions taken by existing competitors and regulators as well as potentially disruptive new entrants, which could reduce our profit margins. Due to the price transparency provided by Public Exchanges, when we market products we face competitive pressures from existing and new competitors who may have lower cost structures. Our competitors may bring their Public Exchange and other consumer products to market more quickly, have greater experience marketing to consumers and / or may be targeting the higher margin portions of our business. We can provide no assurance that we will be able to compete successfully or profitably on Public Exchanges or that we will be able to benefit from any opportunities presented by Public Exchanges. In addition, there can be no assurance that our pricing or other actions will result in the profitability of our Public Exchange products in ~~2023~~ **2024** or any future year. We have set ~~2023~~ **2024** premium rates for our Public Exchange products based on our projections, including as to the health status and quantity of membership and utilization of medical and / or other covered services by members. The accuracy of the projections reflected in our pricing may be impacted by (i) adverse selection among individuals who require or utilize more expensive medical and / or other covered services, (ii) other plans' withdrawals from participation in the Public Exchanges we serve, (iii) a rapid increase or decline in membership, ~~including as a result of individuals losing Medicaid eligibility as redeterminations resume after being suspended during the COVID- 19 pandemic,~~ and (iv) legislation, regulations, enforcement activity and / or judicial decisions that cause Public Exchanges to operate in a manner different than what we projected in setting our premium rates **, including the potential**

expiration of premium subsidies in 2025 . Our Insured Health Care Benefits products that involve greater potential risk generally tend to be more profitable than our ASC products. Historically, smaller employer groups have been more likely to purchase Insured Health Care Benefits products because such purchasers are generally unable or unwilling to bear greater liability for health care expenditures, although over the last several years even relatively small employers have moved to ASC products. We also serve, and expect to grow our business with, government- sponsored programs, including Medicare and Medicaid, that are subject to competitive bids and have lower profit margins than our Commercial Insured Health Care Benefits products. A shift of enrollees from more profitable products to less profitable products could have a material adverse effect on the Health Care Benefits segment' s operating results. Negative public perception of the industries in which we operate, or of our industries' or our practices, can adversely affect our businesses, operating results, cash flows and prospects. Our brand and reputation are two of our most important assets, and the industries in which we operate have been and are negatively perceived by the public from time to time. Negative publicity may come as a result of adverse media coverage, litigation against us and other industry participants, the ongoing public debates over drug pricing, PBMs, government involvement in drug pricing and purchasing, changes to the ACA, " surprise " medical bills, governmental hearings and / or investigations, actual or perceived shortfalls regarding our industries' or our own products **, including Medicare Advantage plans in general,** and / or business practices (including PBM operations, drug pricing and insurance coverage determinations) and social media and other media relations activities. Negative publicity also may come from a failure to meet customer expectations for consistent, high quality and accessible care. This risk may increase as we continue to offer products and services that make greater use of data and as our business model becomes more focused on delivering health care to consumers. ~~In addition, by working with the U. S. government in the distribution and administration of the COVID- 19 vaccine, the Company may be subject to negative publicity related to the government' s actions in response to COVID- 19 that are outside of the ability of the Company to control.~~ Negative public perception and / or publicity of our industries in general, or of us or our key vendors, brokers or product distribution networks in particular, can further increase our costs of doing business and adversely affect our operating results and our stock price by: • adversely affecting our brand and reputation; • adversely affecting our ability to market and sell our products and / or services and / or retain our existing customers and members; • requiring us to change our products and / or services; • reducing or restricting the revenue we can receive for our products and / or services; and / or • increasing or significantly changing the regulatory and legislative requirements with which we must comply. We must maintain and improve our relationships with our retail and specialty pharmacy customers and increase the demand for our products and services, including proprietary brands. The success of our businesses depends in part on customer loyalty, superior customer service and our ability to persuade customers to frequent our retail stores and online sites and to purchase products in additional categories and our proprietary brands. Failure to timely identify or effectively respond to changing consumer preferences ~~and ,~~ spending patterns ~~,~~ and evolving demographic mixes in the communities we serve, **including shifts toward online shopping,** ~~an inability to expand the products being purchased by our~~ **or** ~~clients and customers, or the~~ failure ~~or inability~~ to **maintain desirable selections** ~~obtain or offer particular categories~~ of ~~products~~ **merchandise, store environments or guests experiences** could adversely affect our relationship with our customers and clients and the demand for our products and services and could result in excess inventories of products. We offer our retail customers proprietary brand products that are available exclusively at our retail stores and through our online retail sites. The sale of proprietary products subjects us to unique risks including potential product liability risks, mandatory or voluntary product recalls, potential supply chain and distribution chain disruptions for raw materials and finished products, our ability to successfully protect our intellectual property rights and the rights of applicable third parties, and other risks generally encountered by entities that source, market and sell private- label products. We also face similar risks for the other products we sell in our retail operations, including supply chain and distribution chain disruption risk. Any failure to adequately address some or all of these risks could have an adverse effect on our retail business, operating results, cash flows and / or financial condition. Additionally, an increase in the sales of our proprietary brands may adversely affect our sales of products owned by our suppliers and adversely impact certain of our supplier relationships. Our ability to locate qualified, economically stable suppliers who satisfy our requirements, and to acquire sufficient products in a timely and effective manner, is critical to ensuring, among other things, that customer confidence is not diminished. Any failure to develop sourcing relationships with a broad and deep supplier base could adversely affect our operating results and erode customer loyalty. We also could be adversely affected if we fail to identify or effectively respond to changes in marketplace dynamics. For example, specialty pharmacy represents a significant and growing proportion of prescription drug spending in the U. S., a significant portion of which is dispensed outside of traditional retail pharmacies. Because our specialty pharmacy business focuses on complex and high- cost medications, many of which are made available by manufacturers to a limited number of pharmacies (so- called limited distribution drugs) that serve a relatively limited universe of patients, the future growth of our specialty pharmacy business depends largely upon expanding our access to key drugs and penetration in certain treatment categories. Any contraction of our base of patients or reduction in demand for the prescriptions we currently dispense could have an adverse effect on our specialty pharmacy business, operating results and cash flows. The profitability of our ~~Retail / LTC and~~ Pharmacy **& Consumer Wellness and Health** Services segments is dependent upon the utilization of prescription drug products. We dispense significant volumes of brand name and generic drugs from our retail, LTC, specialty and mail order pharmacies, and the retail pharmacies in our PBM' s network also dispense significant volumes of brand name and generic drugs. Our revenues, operating results and cash flows may decline if physicians cease writing prescriptions for drugs or the utilization of drugs is reduced, including due to: • increased safety risk profiles or regulatory restrictions; • manufacturing or other supply issues; • a reduction in drug manufacturers' participation in federal programs; • certain products being withdrawn by their manufacturers or transitioned to over- the- counter products; • future FDA rulings restricting the supply or increasing the cost of products; • the introduction of new and successful prescription drugs or lower- priced generic alternatives to existing brand name products; or • inflation in the price of drugs. In addition, increased utilization of generic drugs (which normally yield a higher gross profit rate

than equivalent brand name drugs) has resulted in pressure to decrease reimbursement payments to retail, mail order, specialty and LTC pharmacies for generic drugs, causing a reduction in our margins on sales of generic drugs. Consolidation within the generic drug manufacturing industry and other external factors may enhance the ability of manufacturers to sustain or increase pricing of generic drugs and diminish our ability to negotiate reduced generic drug acquisition costs. Any inability to offset increased brand name or generic prescription drug acquisition costs or to modify our activities to lessen the financial impact of such increased costs could have a significant adverse effect on our operating results. The reserves we hold for expected claims in our Insured Health Care Benefits products are based on estimates that involve an extensive degree of judgment and are inherently variable. Any reserve, including a premium deficiency reserve, may be insufficient. If actual claims exceed our estimates, our operating results could be materially adversely affected, and our ability to take timely corrective actions to limit future costs may be limited. A large portion of health care claims are not submitted to us until after the end of the quarter in which services are rendered by providers to our members. Our reported health care costs payable for any particular period reflect our estimates of the ultimate cost of such claims as well as claims that have been reported to us but not yet paid. We also must estimate the amount of rebates payable under the MLR rules of the ACA, CMS and the OPM and the amounts payable by us to, and receivable by us from, the ~~United States~~ **U. S.** federal government under the ACA' s remaining premium stabilization program. Our estimates of health care costs payable are based on a number of factors, including those derived from historical claim experience, but this estimation process also makes use of extensive judgment. Considerable variability is inherent in such estimates, and the accuracy of the estimates is highly sensitive to changes in medical claims submission and processing patterns and / or procedures, turnover and other changes in membership, changes in product mix, changes in the utilization of medical and / or other covered services, including prescription drugs, changes in medical cost trends, changes in our medical management practices and the introduction of new benefits and products. We estimate health care costs payable periodically, and any resulting adjustments, including premium deficiency reserves, are reflected in current- period operating results within benefit costs. For example, as of December 31, 2021, we established a premium deficiency reserve of $ 16 million related to Medicaid products in the Health Care Benefits segment, but did not establish a premium deficiency reserve as of December 31, **2023 or** 2022. A worsening (or improvement) of health care cost trend rates or changes in claim payment patterns from those that we assumed in estimating health care costs payable as of December 31, ~~2022~~ **2023** would cause these estimates to change in the near term, and such a change could be material. Furthermore, if we are not able to accurately and promptly anticipate and detect medical cost trends or accurately estimate the cost of incurred but not yet reported claims or reported claims that have not been paid, our ability to take timely corrective actions to limit future health care costs and reflect our current benefit cost experience in our pricing process may be limited, which would further exacerbate the extent of any adverse impact on our operating results. These risks are particularly acute during and following periods when utilization of medical and / or other covered services and / or medical cost trends are below recent historical levels and in products where there is significant turnover in our membership each year, and such risks are further magnified by the ACA and other legislation and regulations that limit our ability to price for our projected and / or experienced increases in utilization and / or medical cost trends. Our operating results are affected by the health of the economy in general and in the communities we serve. The U. S. financial markets have been experiencing, and may continue to experience, volatility and disruptions, including diminished liquidity and credit availability, inflation, declines in consumer confidence and economic growth and increases in unemployment rates, all of which have resulted in uncertainty about economic stability. Our businesses are affected by economic instability and declines in consumer confidence in general and in the communities we serve, and various other economic factors, including inflation and changes in consumer purchasing power, preferences and / or spending patterns. An unfavorable, uncertain or volatile economic environment, as we have experienced recently as a result of inflation, rising interest rates, supply chain disruptions and COVID-19, has caused and could cause a decline in drug utilization, an increase in health care utilization, a dampening demand for PBM services and retail products, and an increase in theft or other crime that could impact our retail locations. If our customers' operating and financial performance deteriorates, or they are unable to make scheduled payments or obtain adequate financing, as a result of adverse economic conditions or otherwise, our customers may not be able to pay timely, or may delay payment of, amounts owed to us. Any inability of our customers to pay us for our products and services may adversely affect our businesses, operating results and cash flows. In addition, both state and federal government sponsored payers, as a result of budget deficits or spending reductions, may suspend payments or seek to reduce their health care expenditures resulting in our customers delaying payments to us or renegotiating their contracts with us. The adverse impacts on our businesses of an uncertain economic environment may be further exacerbated by the increasing prevalence of high deductible health plans and health plan designs favoring co- insurance over co- payments as members and other consumers may decide to postpone, or not to seek, medical treatment which may lead them to incur more expensive medical treatment in the future and / or decrease our prescription volumes. Further, economic conditions including interest rate fluctuations, changes in capital market conditions and regulatory changes may affect our ability to obtain necessary financing on acceptable terms, our ability to secure suitable store locations under acceptable terms, our ability to execute sale- leaseback transactions under acceptable terms and the value of our investment portfolio. In addition, our Health Care Benefits membership remains concentrated in certain U. S. geographies and in certain industries. Unfavorable changes in health care or other benefit costs or reimbursement rates or increased competition in those geographic areas where our membership is concentrated could therefore have a disproportionately adverse effect on our Health Care Benefits segment' s operating results. Our Health Care Benefits membership has been and may continue to be affected by workforce reductions by our customers due to adverse and / or uncertain general economic conditions, especially in the U. S. geographies and industries where our membership is concentrated. As a result, we may not be able to profitably grow and diversify our Health Care Benefits membership geographically, by product type or by customer industry, and our revenues and operating results may be disproportionately affected by adverse changes affecting our customers. Adverse changes in the U. S. economy, consumer confidence and economic conditions could have an adverse effect on our businesses and financial results.

We are subject to assessments under guaranty fund laws existing in all states for obligations of insolvent insurance companies (including long- term care insurers), HMOs, ACA co- ops and other payors to policyholders and claimants. For example, in the first quarter of 2017, Aetna recorded a discounted estimated liability expense of $ 231 million pretax for our estimated share of future assessments for long- term care insurer Penn Treaty Network America Insurance Company and one of its subsidiaries. Guaranty funds are maintained by state insurance commissioners to protect policyholders and claimants in the event that an insurer, HMO, ACA co- op and / or other payor becomes insolvent or is unable to meet its financial obligations. These funds are usually financed by assessments against insurers regulated by a state. Future assessments may have an adverse effect on our operating results and cash flows. Extreme events, or the threat of extreme events, could materially impact our businesses ~~and health care (including behavioral health) costs~~ . **The occurrence of natural disasters or extreme weather events, such as hurricanes, tropical storms, floods, wildfires, earthquakes, tsunamis, cyclones, typhoons, extended winter storms, droughts and tornadoes; epidemics, pandemics or disease outbreaks and other extreme events and man- made disasters, such as** ~~Nuclear~~ **nuclear ,** ~~,~~ **or** biological ~~or other~~ attacks ~~,~~ or other acts of violence, ~~including~~ **such as** active shooter situations, whether as a result of war or terrorism or otherwise ~~;~~ **, can have a material adverse effect on** ~~other~~ -- **the** ~~man~~ **U. S. economy in general, our industries and us specifically. In particular, the long** - ~~made disasters; natural disasters~~ **term effects of climate change are expected to be widespread and unpredictable. The physical effects of climate change** , such as **an increase in the frequency** ~~hurricanes, tropical storms, floods, fires, earthquakes, tsunamis, cyclones, typhoons~~ or **intensity of** extreme weather ~~conditions such~~ **events described above and rising sea levels, could adversely affect our operations, including by increasing our energy costs, disrupting our supply chain, negatively impacting our workforce, damaging our facilities and threatening the habitability of the locations in which we operate. Climate change also presents transition risks, including risks posed by regulatory and technology changes and the associated costs** as ~~major~~ **the economy and** ~~or~~ **our business transitions from reliance on carbon- based energy.** ~~extended winter storms, droughts and tornados, whether as a result of climate change or otherwise; epidemics; pandemics and other extreme~~ **Extreme** events ~~can affect the U. S. economy in general, our industries and us specifically. In particular, such extreme events~~ or the threat of ~~such~~ extreme events could result in significant health care ~~(~~ **costs,** including **those associated with** ~~behavioral~~ -- **behavior** health ~~)~~ ~~costs~~ **offerings, waiving certain medical requirements or assisting with replacement medications or transfer prescriptions** , which **could** also ~~would~~ be affected by the government' s actions and the responsiveness of public health agencies and other insurers. ~~Such extreme events or~~ **For example, during** the ~~threat of such extreme events also could disrupt our supply chains~~ **COVID- 19 pandemic, we waived various member cost sharing** and ~~/ or our distribution chains~~ **prior authorization requirements and expanded support** for **our members** ~~the products we sell~~ . In addition, **some of** our employees and ~~those of~~ our vendors are concentrated in certain large, metropolitan areas which may be particularly exposed to these events. Such events could adversely affect our businesses, **operations,** operating results and cash flows, and, in the event of extreme circumstances, our financial condition or viability, particularly if our responses to such events are less adequate than those of our competitors. We may be unable to achieve our environmental, social and governance goals. We are dedicated to corporate social responsibility and sustainability and we established certain goals as part of our ESG strategy. We face pressures from our colleagues, customers, ~~and~~ stockholders **and other stakeholders** to meet our goals and to make significant advancements in **ESG** ~~environmental, social and governance~~ matters. Achievement of our goals is subject to risks and uncertainties, many of which are outside of our control, and it is possible that we may fail to achieve these goals or that our colleagues, customers, ~~or~~ stockholders **or other stakeholders** may not be satisfied with the goals we set or our efforts to achieve them. These risks and uncertainties include, but are not limited to: our ability to set and execute on our operational strategies and achieve our goals within the currently projected costs and the expected timeframes; the availability and cost of technological advancements, renewable energy and other materials necessary to meet our goals and expectations; compliance with, and changes or additions to, global and regional regulations, taxes, charges, mandates or requirements relating to climate- related goals; labor- related regulations and requirements that restrict or prohibit our ability to impose requirements on third party contractors; the actions of competitors and competitive pressures; **and** an acquisition of or merger with another company that has not adopted similar goals or whose progress towards reaching its goals is not as advanced as ours ~~; and the pace of regional and global recovery from the COVID- 19 pandemic~~ . A failure to meet our goals could adversely affect public perception of our business, employee morale or customer or stockholder support. Further, an increasing percentage of colleagues, customers, ~~and~~ stockholders **and other stakeholders** considers ~~sustainability~~ **ESG** factors in making employment, consumer health care and investment decisions. If we are unable to meet our goals, we may ~~lose colleagues,~~ have difficulty ~~recruiting new~~ **retaining or attracting** colleagues, ~~and be unable to attract~~ investors, customers, or partners ~~, our~~ -- **or** ~~stock price may be negatively impacted, our reputation may be negatively affected, and it may be more difficult for us to compete~~ **competing** effectively, ~~all of~~ which would ~~have~~ **negatively impact our brand** ~~an~~ **and** ~~adverse effect on~~ **reputation, as well as** our business, operating results, and financial condition **. In addition, we could face increased regulatory, reputational and legal scrutiny as a result of our ESG- related commitments and disclosures, and we could also face challenges with managing conflicting regulatory requirements and our various stakeholders' expectations** . We are subject to potential changes in public policy, laws and regulations, including reform of the U. S. health care system **and entitlement programs** , which ~~can adversely affect our businesses. Entitlement program reform, if it occurs,~~ could have a material adverse effect on our businesses, operations and / or operating results. The political environment in which we operate remains uncertain. It is reasonably possible that our business operations and operating results could be materially adversely affected by legislative, enforcement, regulatory and public policy changes at the federal or state level, ~~increased government involvement in drug reimbursement, pricing, purchasing and / or importation and / or increased regulation of PBMs,~~ including **, but not limited to** : changes to the regulatory environment for health care and related benefits, including Medicare, **Medicare Advantage,** the ACA, and related Public Exchange regulations; **efforts to amend the ACA and related regulations, including through litigation aimed at challenging the ability to enforce portions of the ACA, such as**

the preventative services mandate; changes to laws or regulations governing drug reimbursement **, pricing, purchasing** and / or ~~pricing~~ **importation; changes to or adoption of laws or regulations governing PBMs, including those related to network restrictions, formulary management, affiliate reimbursement, contractual guarantees and reconciliations, reimbursement mandates, required reporting, purchase discount and / or rebate arrangements with drug manufacturers and / or other PBM services** ; changes to the laws and regulations governing PBMs', PDPs' and / or Managed Medicaid organizations' interactions with government funded health care programs; changes to **or adoption of** laws and / or regulations ~~governing drug manufacturers' rebates~~ **relating to claims processing and billing** ; changes to **immigration policies** ~~laws and / or regulations governing reimbursements paid to pharmacists by and / or reporting required by PBMs~~ ; changes to **patent laws;** ~~immigration policies and / or other public policy initiatives. It is not possible to predict whether or when any such changes will occur or what form any such changes may take (including through the use of U. S. Presidential Executive Orders or executive orders by Governors or key regulators). Other significant changes to health care and related benefits system legislation or regulation as well as~~ changes with respect to tax and trade policies, tariffs and other government regulations affecting trade between the ~~United States~~ **U. S.** and other countries **; and other public policy initiatives. Our businesses, profitability and growth** also ~~are possible and could adversely affect our businesses. If we fail to respond adequately to such changes, including by implementing strategic and operational initiatives, or do not respond as effectively as our competitors, our businesses, operations and operating results~~ may be ~~materially~~ adversely affected ~~. Efforts to~~ **by (i) judicial** ~~amend~~ ~~-~~ **and** ~~the ACA~~ **regulatory decisions that change** and ~~related~~ **/ or expand the interpretations of existing statutes and** regulations ~~are possible. It is also possible that federal~~ **, expand fiduciary obligations, impose medical or bad faith liability, increase our responsibilities under ERISA or the remedies available under ERISA, or reduce the scope of ERISA** and **Medicare Part D preemption of** state **law claims or (ii) other** ~~governments will continue to enact and seriously consider many broad- based legislative~~ **legislation** and ~~regulatory~~ **regulations .** ~~proposals that will or~~ **For example,** ~~could materially impact various aspects of the health care and related benefits system and our businesses. Further changes to federal health care and related benefits~~ laws **in Arkansas** , **North Dakota** ~~including the ACA, drug reimbursement~~ and **Oklahoma** ~~pricing laws, laws governing PBMs and / or laws governing PBMs', PDPs' and / or Managed Medicaid organizations' interactions with government funded health care programs, are probable. We cannot predict the effect, if any, that new health care and related benefits legislation, future changes to the ACA or the implementation of or failure to implement the outstanding provisions of ACA, may~~ have **attempted to limit PBM practices** ~~on our Health Care Benefits, Pharmacy Services~~ and **have been subject to recent lawsuits** ~~/ or retail pharmacy, LTC pharmacy operations and / or operating results~~ . ~~The federal and many~~ **Additional litigation has been filed in several** state **states to** ~~governments also are considering changes~~ - **challenge ERISA** ~~in the interpretation, enforcement~~ and ~~/ or application of existing programs, laws and regulations, including changes to payments under and funding of~~ Medicare **Part D preemption** ~~and Medicaid programs and increased regulation of PBMs. Further, changes in existing federal or state laws or regulations or the adoption of new laws or regulations relating to additional regulation of PBMs (including network restrictions, formulary management, affiliate reimbursement, contractual guarantees and reconciliations, reimbursement mandates or other PBM services), drug pricing or purchasing, patent term extensions and / or purchase discount and / or rebate arrangements with drug manufacturers also could reduce the discounts or rebates we receive. Changes in existing federal or state laws or regulations or the adoption of new laws or regulations relating to claims processing and billing also could adversely affect our profitability~~ . In addition, in November 2020, the HHS released the Rebate Rule, which eliminates the regulatory safe harbor from prosecution under the AKS for rebates from pharmaceutical companies to PBMs in Medicare Part D and in Medicaid MCOs, replacing it with two far narrower safe harbors designed to directly benefit patients with high out- of- pocket costs and to change the way PBMs are compensated. The new safe harbors are (i) for rebates which are passed on to the patient at the point of sale and (ii) for flat service fee payments made to PBMs which cannot be tied to the list prices of drugs. The PCMA, which represents PBMs, has filed a suit in an effort to block the Rebate Rule, claiming that the Rebate Rule would lead to higher premiums in Medicare Part D and was adopted in an unlawful manner. It is unclear whether the Rebate Rule will be enforceable, whether pharmaceutical companies will respond by reducing list prices, whether list prices in the private market may also be reduced, and what the resulting impact will be to PBMs or the Company. The Bipartisan Infrastructure Act of 2021 delays the effective date of the rebate rule to January 2026, and the **IRA** ~~Inflation Reduction Act, enacted in August 2022,~~ further delays the Rebate Rule through 2032. Additionally, the Consolidated Appropriations Act of 2021 was signed into law in December 2020 and contains transparency provisions requiring group health plans and health insurance issuers to report certain prescription drug costs, overall spending on health services and prescription drugs, and information about premiums and the impact of rebates and other remuneration on premiums and out- of- pocket costs to the Tri- Departments. No later than 18 months after the first submission and bi- annually thereafter, the Tri- Departments will release a public report on drug pricing trends, drug reimbursement, and the impact of drug prices on premiums. The first filings of plan year data were required in December 2022 and will be required annually in June of each year on an ongoing basis. ~~We cannot~~ **It is not possible to** predict the enactment or content of new legislation or regulations or changes to existing laws or regulations or their enforcement, interpretation or application, or the ~~effect~~ **form** they will ~~have on~~ **take (for example, through the use of U. S. Presidential Executive Orders our** ~~-~~ **or executive orders by governors or key regulators). If we fail to respond adequately to such changes, including by implementing strategic and operational initiatives, or do not respond as effectively as our competitors, our** ~~business~~ **businesses ,** operations ~~or~~ **and** operating results **may** ~~, which could~~ be materially ~~adverse~~ **adversely affected** . Even if we could predict such matters, it ~~is~~ **may** not **be** possible to eliminate the adverse impact of public policy changes that would fundamentally change the dynamics of one or more ~~of the~~ industries in which we compete. Examples of such changes include **, but are not limited to** : the federal or one or more state governments fundamentally restructuring or reducing the funding available for **government** ~~Medicare, Medicaid, dual eligible or dual eligible special needs plan~~ programs, increasing its involvement in drug reimbursement, pricing, purchasing and / or importation, changing the laws and regulations governing

PBMs', PDPs' and / or Managed Medicaid organizations' interactions with government funded health care programs, changing the tax treatment of health or related benefits, or significantly altering the ACA. The likelihood of adverse changes remains high due to state and federal budgetary pressures, and our businesses and operating results could be materially and adversely affected by such changes, even if we correctly predict their occurrence. For more information on these matters, see " Government Regulation " included in Item 1 of this 10- K. If we fail to comply with applicable laws and regulations, many of which are highly complex, we could be subject to significant adverse regulatory actions, including monetary penalties, or suffer brand and reputational harm. Our businesses are subject to extensive regulation and oversight by state, federal and international governmental authorities. The laws and regulations governing our operations and interpretations of those laws and regulations, including those related to human capital and climate change, are increasing in number and complexity, change frequently and can be inconsistent or conflict with one another. In general, these laws and regulations are designed to benefit and protect customers, members and providers rather than us or our investors. In addition, the governmental authorities that regulate our businesses have broad latitude to make, interpret and enforce the laws and regulations that govern us and continue to interpret and enforce those laws and regulations more strictly and more aggressively each year. We also must follow various restrictions on certain of our businesses and the payment of dividends by certain of our subsidiaries put in place by certain state regulators. Certain of our **Health Services and** Pharmacy **& Consumer Wellness** ~~Services and Retail / LTC~~ operations, products and services are subject to: • the clinical quality, patient safety and other risks inherent in the dispensing, packaging and distribution of drugs and other health care products and services, including claims related to purported dispensing and other operational errors (any failure by our **Health Services and / or** Pharmacy **& Consumer Wellness** ~~Services and / or Retail / LTC~~ operations to adhere to the laws and regulations applicable to the dispensing of drugs could subject us to civil and criminal penalties); • federal and state anti- kickback and other laws that govern our relationship with drug manufacturers, customers and consumers; • compliance requirements under ERISA, including fiduciary obligations in connection with the development and implementation of items such as drug formularies and preferred drug listings; and • federal and state legislative proposals and / or regulatory activity that could adversely affect pharmacy benefit industry practices. Our Health Care Benefits products are highly regulated, particularly those that serve Public Exchange, Medicare, Medicaid, dual eligible, dual eligible special needs and small group Commercial customers and members. The laws and regulations governing participation in the Public Exchanges, Medicare Advantage (including dual eligible special needs plans), Medicare Part D, Medicaid, and ~~managed~~ **Managed** Medicaid plans are complex, are subject to interpretation and can expose us to penalties for non- compliance. The scope of the practices and activities that are prohibited by federal and state false claims acts is the subject of pending litigation. Claims under federal and state false claims acts can be brought by the government or by private individuals on behalf of the government through a qui tam or " whistleblower " suit, and we are a defendant in a number of such proceedings. If we are convicted of fraud or other criminal conduct in the performance of a government program or if there is an adverse decision against us under the False Claims Act, we may be temporarily or permanently suspended from participating in government health care programs, including Public Exchange, Medicare Advantage, Medicare Part D, Medicaid, dual eligible and dual eligible special needs plan programs, and we also may be required to pay significant fines and / or other monetary penalties. Whistleblower suits have resulted in significant settlements between governmental agencies and health care companies. The significant incentives and protections provided to whistleblowers under applicable law increase the risk of whistleblower suits. If we fail to comply with laws and regulations that apply to government programs, we could be subject to criminal fines, civil penalties, premium refunds, prohibitions on marketing or active or passive enrollment of members, corrective actions, termination of our contracts or other sanctions **,** which could have a material adverse effect on our ability to participate in Public Exchange, Medicare Advantage, Medicare Part D, Medicaid, dual eligible, and dual eligible special needs plans and other programs **, our** ~~and~~ **brand** ~~on~~ **and reputation, and** our operating results, cash flows and financial condition. ~~Our businesses, profitability and growth also may be adversely affected by (i) judicial and regulatory decisions that change and / or expand the interpretations of existing statutes and regulations, expand fiduciary obligations, impose medical or bad faith liability, increase our responsibilities under ERISA or the remedies available under ERISA, or reduce the scope of ERISA and Medicare Part D preemption of state law claims or (ii) other legislation and regulations. For example, in December 2020, the U. S. Supreme Court upheld an Arkansas law that, among other things, mandates a particular pricing methodology, establishes an appeals process for a pharmacy when the reimbursement is below the pharmacy' s acquisition cost, permits a pharmacy to reverse and rebill if they cannot procure the drug from its wholesaler at a price equal to or less than the reimbursement rate, prohibits a PBM from reimbursing a pharmacy less than the amount it reimburses an affiliate on a per unit basis, and permits a pharmacy to decline to dispense if the reimbursement is lower than the pharmacy' s acquisition cost. Subsequently, in November 2021, the U. S. Court of Appeals for the Eighth Circuit upheld a North Dakota law that regulates employer- sponsored ERISA health plans and certain PBM practices within Medicare and in April 2022 the U. S. District Court for the Western District of Oklahoma affirmed that the Oklahoma Insurance Department could enforce a state law against PBMs that contained provisions that alter and limit some of the options that an ERISA plan can use, because none of the provisions mandate that ERISA plans make any specific choices. Additional litigation has been filed in several states to challenge ERISA and Medicare Part D preemption.~~ In addition to being subject to extensive and complex **laws and** regulations, many of our contracts with customers include detailed requirements. In order to be eligible to offer certain products or bid on certain contracts, we must demonstrate that we have robust systems and processes in place that are designed to maintain compliance with all applicable legal, regulatory and contractual requirements. These systems and processes frequently are reviewed and audited by our customers and regulators. If our systems and processes designed to maintain compliance with applicable legal and contractual requirements, and to prevent and detect instances of, or the potential for, non-compliance fail or are deemed inadequate, we may suffer brand and reputational harm and be subject to **contractual damages,** regulatory actions, litigation and other proceedings which may result in damages, fines, suspension or loss of licensure, suspension or exclusion from participation in government programs and / or other penalties, any of which could adversely affect

our businesses, operating results, cash flows and / or financial condition. We routinely are subject to litigation and other adverse legal proceedings, including class actions and qui tam actions. Many of these proceedings seek substantial damages which may not be covered by insurance. These proceedings are costly to defend, may result in changes in our business practices, harm our brand and reputation and adversely affect our businesses and operating results. PBM, retail pharmacy, mail order pharmacy, specialty pharmacy, LTC pharmacy and health care and related benefits are highly regulated industries whose participants frequently are subject to litigation and other adverse legal proceedings. We are currently subject to various litigation and arbitration matters, investigations, regulatory audits, inspections, government inquiries, and regulatory and other legal proceedings, both ~~inside~~ **within** and outside ~~the U. S. For example, outside the U. S., contractual rights, tax positions and applicable regulations may be subject to interpretation or uncertainty to a greater degree than in~~ the U. S. Litigation related to our provision of professional services in our medical clinics, pharmacies and LTC operations is increasing as we **execute our vertical integration strategy and** expand our services along the continuum of health care **. In addition, disputes over contracts could lead to litigation or pre- litigation settlements that could materially adversely affect our businesses, operating results and / or cash flows** . Litigation, and particularly securities, derivative, collective or class action and qui tam litigation, is often expensive and disruptive. Many of the legal proceedings against us seek substantial damages (including non-economic or punitive damages and treble damages), and certain of these proceedings also seek changes in our business practices. While we currently have insurance coverage for some potential liabilities, other potential liabilities may not be covered by insurance, insurers may dispute coverage **,** and ~~/ or~~ the amount of our insurance may not be enough to cover the damages awarded or costs incurred. In addition, some types of damages, like punitive damages, may not be covered by insurance, and in some jurisdictions the coverage of punitive damages is prohibited. Insurance coverage for all or some forms of liability also may become unavailable or prohibitively expensive in the future. The outcome of litigation and other adverse legal proceedings is always uncertain, and outcomes that are not justifiable by the evidence or existing law or regulation can and do occur, and the costs incurred frequently are substantial regardless of the outcome **. In addition, litigation and other adverse legal proceedings outside the U. S. may be subject to greater uncertainty than within the U. S** . Litigation and other adverse legal proceedings could materially adversely affect our businesses, operating results and / or cash flows because of brand and reputational harm to us ~~caused by such proceedings~~ , the cost of defending such proceedings, the cost of settlement or judgments against us, or the changes in our operations that could result from such proceedings. See Item 3 of this 10- K for additional information. As one of the largest national retail, mail order, specialty and LTC pharmacy, PBM and health care and related benefits providers, we frequently are subject to regular and special governmental market conduct and other audits, investigations and reviews by, and we receive subpoenas and other requests for information from, various federal and state agencies, regulatory authorities, Attorneys General, committees, subcommittees and members of the U. S. Congress and other state, federal and international governmental authorities. For example, we have received CIDs from, and provided documents and information to, the Civil Division of the DOJ in connection with a current investigation of our patient chart review processes in connection with risk adjustment data submissions under Parts C and D of the Medicare program. CMS and the OIG also are auditing the risk adjustment- related data of certain of our Medicare Advantage plans, and the number of such audits continues to increase. Several such audits, investigations and reviews by governmental authorities currently are pending, some of which may be resolved in ~~2023~~ **2024** , the results of which may be adverse to us. Federal and state governments have made investigating and prosecuting health care and other insurance fraud, waste and abuse a priority. Fraud, waste and abuse prohibitions encompass a wide range of activities, including kickbacks for referral of members, billing for unnecessary medical and / or other covered services, improper marketing **, including by insurance brokers,** and violations of patient privacy rights. The regulations and contractual requirements applicable to us and other industry participants are complex and subject to change, making it necessary for us to invest significant resources in complying with our regulatory and contractual requirements. Ongoing vigorous law enforcement and the highly technical regulatory scheme mean that our compliance efforts in this area will continue to require significant resources. In addition, our medical costs and the medical expenses of our Health Care Benefits ASC customers may be adversely affected if we do not prevent or detect fraudulent activity by providers and / or members. Regular and special governmental audits, investigations and reviews by federal, state and international regulators could result in changes to our business practices, and also could result in significant or material premium refunds, fines, penalties, civil liabilities, criminal liabilities or other sanctions, including suspension or exclusion from participation in government programs and suspension or loss of licensure. Any of these audits, investigations or reviews could have a material adverse effect on our businesses, operating results, cash flows and / or financial condition or result in significant liabilities and negative publicity for us. See " Legal and Regulatory Proceedings " in Note ~~16~~ **18** ' ' Commitments and Contingencies'' included in Item 8 of this 10- K for additional information. ~~Our litigation and regulatory risk profile are changing as we offer new products and services and expand in business areas beyond our historical core businesses of Health Care Benefits, Pharmacy Services and Retail / LTC.~~ Historically, we focused primarily on providing **products and services within our** Health Care Benefits ~~,~~ **and** Pharmacy **& Consumer Wellness segments, as well as pharmacy services within our Health** Services **segment** ~~and Retail / LTC products and services~~ . As a result of our ~~transformation program~~ **vertical integration strategy** and other innovation initiatives, we are expanding our presence in the health care space and plan to offer new products and services **, including services provided by Oak Street Health and Signify Health,** which present a different litigation and regulatory risk profile than the products and services that we historically have offered **and increase our exposure to additional risks** . ~~The~~ **Our vertical integration strategy may also lead to** increased ~~volume of business in areas beyond our historical core businesses and new products and services subject us to litigation and~~ regulatory ~~risks that~~ **and public scrutiny as a result of consumer protection and quality of** ~~are~~ **care concerns** ~~different from the risks of providing Health Care Benefits, Pharmacy Services and Retail / LTC products and services and increase significantly our exposure to other risks~~ . We face unique regulatory and other challenges in our Medicare and Medicaid businesses. We are seeking to substantially grow the Medicare and Medicaid

membership in our Health Care Benefits segment in ~~2023~~ **2024** and over the next several years. We face unique regulatory and other challenges that may inhibit the growth and profitability of those businesses. • In ~~April~~ **March** ~~2022~~ **2023** , CMS issued its final notice detailing final ~~2023~~ **2024** Medicare Advantage payment rates. Final ~~2023~~ **2024** Medicare Advantage rates resulted in an expected average increase in revenue for the Medicare Advantage industry of ~~5~~ **3** . ~~00~~ **32 %, and the year- to- year percentage change included a (1. 24 %) decrease for star ratings, a risk model revision and normalization of (2. 16 %), and a risk score trend of 4. 44 %. In March 2023, CMS also finalized the 2024 Medicare Advantage reimbursement rates, which result in an expected average decrease in revenue for the Medicare Advantage industry of 1. 12** %, excluding the CMS estimate of Medicare Advantage risk score trend **, though the rates may vary widely depending on the provider group and patient demographics** . On ~~February 1~~ **January 31** , ~~2023~~ **2024** , CMS issued an advance notice detailing proposed ~~2024~~ **2025** Medicare Advantage payment rates. The ~~2024~~ **2025** Medicare Advantage rates, if finalized as proposed, will result in an expected average decrease in revenue for the Medicare Advantage industry of ~~2~~ **0** . ~~27~~ **16** %, excluding the CMS estimate of Medicare Advantage risk score trend ~~, though the rates may vary widely depending on the provider group and patient demographics~~ . CMS intends to publish the final ~~2024~~ **2025** rate announcement no later than April ~~3~~ **1** , ~~2023~~ **2024** . The Company faces ~~a challenge~~ **challenges** from the impact of the increasing cost of medical care (including prescription medications), changes to methodologies for determining payments and CMS local and national coverage decisions that require the Company to pay for services and supplies that are not factored into the Company' s bids. We cannot predict how the rates will be finalized, future Medicare funding levels, the impact of future federal budget actions or ensure that such changes or actions will not have a material adverse effect on our Medicare operating results. • The organic expansion of our Medicare Advantage and Medicare Part D service area is subject to the ability of CMS to process our requests for service area expansions and our ability to build cost competitive provider networks in the expanded service areas that meet applicable network adequacy requirements. CMS' decisions on our requests for service area expansions also may be affected adversely by compliance issues that arise each year in our Medicare operations. • CMS regularly audits our performance to determine our compliance with CMS' s regulations and our contracts with CMS and to assess the quality of the services we provide to our Medicare members, and state regulators are increasingly conducting audits to assess the quality of services we provide to our Medicaid members. As a result of these audits, we may be subject to significant or material retroactive adjustments to and / or withholding of certain premiums and fees, fines, criminal liability, civil monetary penalties, CMS- or state- imposed sanctions (including suspension or exclusion from participation in government programs) or other restrictions on our Medicare, Medicaid and other businesses, including suspension or loss of licensure. • " Star ratings " from CMS for our Medicare Advantage plans will continue to have a significant effect on our plans' operating results. Only Medicare Advantage plans with a star rating of 4 or higher (out of 5) are eligible for a quality bonus in their basic premium rates. CMS continues to change its rating system to make achieving and maintaining a four or higher star rating more difficult. ~~Our~~ **If our** star ratings ~~and past~~ **fall or remain below four for a significant portion of our Medicare Advantage membership, or do not match the** performance ~~scores~~ **of our competitors, or the star rating quality bonuses** are **reduced or eliminated, our revenues, operating results and cash flows may be significantly** adversely affected ~~by any compliance issues that may have arisen each year in our~~ **. In addition, due to uncertainties with CMS cut- points, no** Medicare ~~operations. CMS released~~ **Advantage plan can guarantee** ~~the~~ **their overall** ~~Company' s 2023~~ star ratings ~~in October 2022~~ . **There can be no assurances that the Company will be successful in maintaining or improving its star ratings in future years.** ◦ The Company' s 2023 star ratings **were** ~~will be~~ used to determine which of its Medicare Advantage plans have ratings of 4 stars or higher and qualify for bonus payments in 2024. Based on the 2023 star ratings, the ~~percentage of the~~ Company' s Medicare Advantage **plans are not eligible for full level quality bonuses in 2024, which could reduce profit margin. CMS released the Company' s 2024 star ratings in October 2023, which will impact revenues in 2025. The percentage of Aetna Medicare Advantage** members in 4 ~~stars~~ **star** ~~or higher~~ plans is expected to ~~drop~~ **return** to ~~21~~ **87** % (based on enrollment and contract affiliation ~~at~~ **as of** December 31, ~~2022~~ **2023**), as compared to ~~87~~ **the unmitigated 21** % based on the ~~2022~~ **2023** star ratings. The main driver of this ~~decrease~~ **increase** was a ~~1~~ **half** star ~~decrease~~ **improvement** in **the Aetna National PPO, which increased from 3. 5 stars to 4. 0 stars. This means that we expect that** the Company' s **Medicare Advantage** ~~Aetna National PPO, which dropped from 4. 5 to 3. 5 stars, while many other of the Company' s~~ plans ~~remain rated at 4 stars or higher. The decrease in the star rating for the Aetna National PPO~~ will **again** ~~mean that it will no longer~~ be eligible for ~~CMS' quality bonus payments related to 2024. A lower star rating may also negatively impact new enrollment in the Aetna National PPO as consumers seek out plans that have four star or higher ratings. There can be no assurances that the Company will be successful in maintaining or improving its star ratings in future years. If our star ratings fall~~ **full level** ~~or remain below four for a significant portion of our Medicare Advantage membership, or do not match the performance of our competitors, or the star rating~~ quality bonuses **in 2025** ~~are reduced or eliminated, our revenues, operating results and cash flows may be significantly adversely affected~~ . • Payments we receive from CMS for our Medicare Advantage and Medicare Part D businesses also are subject to risk adjustment based on the health status of the individuals we enroll. Elements of that risk adjustment mechanism continue to be challenged by the DOJ, the OIG and CMS itself. **For example, CMS made significant changes to the structure of the hierarchical condition category model in version 28, which may impact RAF scores for a larger percentage of Medicare Advantage beneficiaries and could result in changes to beneficiary RAF scores with or without a change in the patient' s health status.** Substantial changes in the risk adjustment mechanism, including those **that result from the final Part C contract- level Risk Adjustment Data Validation Audits (" RADV Audit Rule ") issued in January 2023 or other changes** that may result from ~~the RADV Audit Rule or other changes that result from~~ enforcement or audit actions, could materially affect the amount of our Medicare reimbursement, require us to raise prices or reduce the benefits we offer to Medicare beneficiaries, **impact the services provided by, or the financial performance of, Oak Street Health and Signify Health** and potentially limit our (and the industry' s) participation in the Medicare program. • The RADV Audit Rule creates uncertainty for Medicare Advantage plans. The lack of detail

provided with respect to how CMS will select contracts and claims to audit **, the methodology CMS will use,** and how it will extrapolate as part of the RADV Audit Rule may impact future Medicare Advantage bids and result in other implications. **The RADV Audit Rule also permits extrapolation of OIG contract level audits for payment years 2018 forward. The RADV Audit Rule is subject to ongoing litigation and the outcome and future impacts are uncertain.** • Changes to the ability of PBMs to have pharmacy performance programs in place for clients and report payments via direct and indirect reporting mechanisms, including requiring all pharmacy payments to be included in point- of- sale pricing, could impact the ~~Pharmacy~~ **Health** Services business. • Medicare Part D has resulted in increased utilization of prescription medications and puts pressure on our pharmacy gross margin rates due to regulatory and competitive pressures. Further, as a result of the ACA and changes to the retiree drug subsidy rules, clients of our PBM business could decide to discontinue providing prescription drug benefits to their Medicare- eligible members. To the extent this phenomenon occurs, the adverse effects of increasing customer migration into Medicare Part D may outweigh the benefits we realize from growth of our Medicare Part D products. • Our Medicare Part D operating results and our ability to expand our Medicare Part D business could be adversely affected if: the cost and complexity of Medicare Part D exceed management' s expectations or prevent effective program implementation or administration; further changes to the regulations regarding how drug costs are reported for Medicare Part D are implemented in a manner that adversely affects the profitability of our Medicare Part D business; changes to the regulations regarding how drug costs are reported for Medicare Part D are implemented in a manner that adversely affects the profitability of our Medicare Part D business; changes to the applicable regulations impact our ability to retain fees from third parties including network pharmacies; the government alters Medicare Part D program requirements or reduces funding because of the higher- than- anticipated cost to taxpayers of Medicare Part D or for other reasons; the government mandated use of point- of- sale manufacturer' s rebates continues; the government enacts price controls on certain pharmaceutical products in Medicare Part D; the government makes changes to how pharmacy pay- for- performance is calculated; the government mandates CMS negotiation with manufacturers for certain drugs; or reinsurance thresholds are reduced below their current levels, which is currently scheduled to begin in 2025. • **The IRA contains changes to the Part D program that began in 2023 and will continue to 2032 that could shift more of the claim liability to plans and away from the government. •** We have experienced challenges in obtaining complete and accurate encounter data for our Medicaid products 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, and some states mandate that certain amounts be included or excluded from** encounter data, these difficulties could affect the Medicaid premium rates we receive and how Medicaid membership is assigned to us, which could have a material adverse effect on our Medicaid operating results and cash flows and / or our ability to bid for, and continue to participate in, certain Medicaid programs. • If we fail to report and correct errors discovered through our own auditing procedures or during a CMS audit or otherwise fail to comply with the applicable laws and regulations, we could be subject to fines, civil monetary penalties or other sanctions, including fines and penalties under the False Claims Act, which could have a material adverse effect on our ability to participate in Medicare Advantage, Medicare Part D or other government programs, and on our operating results, cash flows and financial condition. • The resumption of Medicaid eligibility redeterminations after being suspended during the COVID- 19 pandemic could negatively impact the number of members eligible for the Company' s Medicaid plans. • Certain of our Medicaid 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 Medicaid programs because more states are using encounter data to determine compliance with performance standards and, in part, to set premium rates. We have expended and may continue to expend additional effort and incur significant additional costs to collect accurate, or to correct inaccurate or incomplete, encounter data and have been and could be exposed to premium withholding, operating sanctions and financial fines and penalties for noncompliance. **• CMS has proposed requiring** ~~We have experienced 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, and some states mandate~~ that **health plans offering** certain **dual eligible programs must also offer** ~~amounts be included or excluded from encounter data, these difficulties could affect the~~ Medicaid **programs** ~~premium rates we receive and how Medicaid membership is assigned to us~~, which could ~~have~~ **further impact the Company' s ability to obtain or retain membership in its dual eligible programs. In addition, states are increasingly requiring companies to offer Medicaid within** a **state** ~~material adverse effect on our Medicaid operating results~~ and **conducting competitive** ~~cash flows and / or our ability to successfully~~ bid **processes** ~~for, and continue~~ to ~~participate in, certain Medicaid programs~~ **qualify to offer dual eligible products**. Programs funded in whole or in part by the U. S. federal government account for a significant portion of our revenues, and we expect that percentage to increase. Programs funded in whole or in part by the U. S. federal government account for a significant portion of our revenues, and we expect that percentage to increase. As our government funded businesses grow, our exposure to changes in federal and state government policy with respect to and / or regulation of the various government funded programs in which we participate also increases. The laws and regulations governing participation in Public Exchange, Medicare Advantage (including dual eligible special needs plans), Medicare Part D, Medicaid, and ~~managed~~ **Managed** Medicaid plans are complex, are subject to interpretation and can expose us to penalties for non- compliance. Federal, state and local governments have the right to cancel or not to renew their contracts with us on short notice without cause or if funds are not available. Funding for these programs is dependent on many factors outside our control, including general economic conditions, continuing government efforts to contain health care costs and budgetary constraints at the federal or applicable state or local level and general political issues and priorities. The U. S. federal government and our other government customers also may reduce funding for health care or other programs, cancel or decline to renew contracts with us, or make changes that adversely affect the number of persons eligible for certain programs, the services provided to enrollees in such programs, our premiums and our administrative and

health care and other benefit costs, any of which could have a material adverse effect on our businesses, operating results and cash flows. When federal funding is delayed, suspended or curtailed, we continue to receive, and we remain liable for and are required to fund, claims from providers for providing services to beneficiaries of federally funded health benefits programs in which we participate. An extended federal government shutdown or a delay by Congress in raising the federal government' s debt ceiling also could lead to a delay, reduction, suspension or cancellation of federal government spending and a significant increase in interest rates that could, in turn, have a material adverse effect on the value of our investment portfolio, our ability to access the capital markets and our businesses, operating results, cash flows and liquidity. Possible changes in industry pricing benchmarks and drug pricing generally can adversely affect our PBM and ~~Retail / LTC~~ **Pharmacy & Consumer Wellness** businesses. It is possible that the pharmaceutical industry, regulators, or federal policymakers may evaluate and / or develop an alternative pricing reference to replace AWP or WAC, which are the pricing references used for many of our PBM and LTC client contracts, drug purchase agreements, retail network contracts, specialty payor agreements and other contracts with third party payors in connection with the reimbursement of drug payments. In addition, many state Medicaid fee- for- service programs have established pharmacy network payments on the basis of Actual Acquisition Cost (" AAC "). The use of an AAC basis in fee for service Medicaid could have an impact on reimbursement practices in Health Care Benefits' Commercial and other Government products. It is also possible that Congress may enact some limited form of price negotiation for Medicare. In addition, CMS also publishes the National Average Drug Acquisition Cost (" NADAC ") for certain drugs; NADAC pricing is being adopted in an increasing number of states. Future changes to the use of AWP, WAC or to other published pricing benchmarks used to establish drug pricing, including changes in the basis for calculating reimbursement by federal and state health care programs and / or other payors, could impact the reimbursement we receive from Medicare and Medicaid programs, the reimbursement we receive from our PBM clients and other payors and / or our ability to negotiate rebates and / or discounts with drug manufacturers, wholesalers, PBMs and retail pharmacies. A failure or inability to fully offset any increased prices or costs or to modify our operations to mitigate the impact of such increases could have a material adverse effect on our operating results. Additionally, any future changes in drug prices could be significantly different than our projections. We cannot predict the effect of these possible changes on our businesses. We may not be able to obtain adequate premium rate increases in our Insured Health Care Benefits products, which would have an adverse effect on our revenues, MBRs and operating results and could magnify the adverse impact of increases in health care and other benefit costs and of ACA assessments, fees and taxes. Premium rates for our Insured Health Care Benefits products often must be filed with state insurance regulators and are subject to their approval, which creates risk for us in the current political and regulatory environment. The ACA generally requires a review by HHS in conjunction with state regulators of premium rate increases that exceed a federally specified threshold (or lower state- specific thresholds set by states determined by HHS to have adequate processes). Rate reviews can magnify the adverse impact on our operating margins, MBRs and operating results of increases in health care and other benefit costs, increased utilization of covered services, and ACA assessments, fees and taxes, by restricting our ability to reflect these increases and / or these assessments, fees and taxes in our pricing. Further, our ability to reflect ACA assessments, fees and taxes in our Medicare, Medicaid and CHIP premium rates is limited. Since 2013, HHS has issued determinations to health plans that their premium rate increases were " unreasonable, " and we **may** ~~continue to~~ experience challenges to appropriate premium rate increases in certain states. Regulators or legislatures in several states have implemented or are considering limits on premium rate increases, either by enforcing existing legal requirements more stringently or proposing different regulatory standards. Regulators or legislatures in several states also have conducted hearings on proposed premium rate increases, which can result, and in some instances have resulted, in substantial delays in implementing proposed rate increases even if they ultimately are approved. Our plans can be excluded from participating in small group Public Exchanges if they are deemed to have a history of " unreasonable " rate increases. Any significant rate increases we may request heighten the risks of adverse publicity, adverse regulatory action and adverse selection and the likelihood that our requested premium rate increases will be denied, reduced or delayed, which could lead to operating margin compression. We anticipate continued regulatory and legislative action to increase regulation of premium rates in our Insured Health Care Benefits products. We may not be able to obtain rates that are actuarially justified or that are sufficient to make our policies profitable in one or more product lines or geographies. If we are unable to obtain adequate premium rates and / or premium rate increases, it could materially and adversely affect our operating margins and MBRs and our ability to earn adequate returns on Insured Health Care Benefits products in one or more states or cause us to withdraw from certain geographies and / or products. The ACA' s minimum MLR rebate requirements limit the level of margin we can earn in Health Care Benefits' Commercial Insured ~~and Medicare Insured businesses~~ -- **business** . CMS minimum MLR rebate regulations limit the level of margin we can earn in our **Medicare Advantage and** Medicaid Insured ~~business~~ **businesses** . Certain portions of our Health Care Benefits Medicaid and FEHB program business also are subject to minimum MLR rebate requirements in addition to but separate from those imposed by the ACA. Minimum MLR rebate requirements leave us exposed to medical costs that are higher than those reflected in our pricing. The process supporting the management and determination of the amount of MLR rebates payable is complex and requires judgment, and the minimum MLR reporting requirements are detailed. CMS has also proposed, but not yet finalized, a definition of " prescription drug price concessions " for commercial MLR calculation purposes, which would make additional PBM information available to plans and the HHS, potentially further complicating the MLR calculation process. Federal and state auditors are challenging our Commercial Health Care Benefits business' compliance with the ACA' s minimum MLR requirements as well as our FEHB plans' compliance with OPM' s FEHB program- specific minimum MLR requirements. Our Medicare and Medicaid contracts also are subject to minimum MLR audits. If a Medicare Advantage or Medicare Part D contract pays minimum MLR rebates for three consecutive years, it will become ineligible to enroll new members. If a Medicare Advantage or Medicare Part D contract pays such rebates for five consecutive years, it will be terminated by CMS. Additional challenges to our methodology and / or reports relating to minimum MLR and related rebates by federal and state regulators and private litigants are reasonably

possible. The outcome of these audits and additional challenges could adversely affect our operating results. Congress and certain state legislatures continue to consider and pass legislation that increases our costs of doing business, including increased minimum wages and requiring employers to provide paid sick leave or paid family leave. In addition, our employee- related operating costs may be increased by union organizing activity and it is possible that the National Labor Relations Board may adopt regulatory changes through re- making or case law that could facilitate union organizing. If we are unable to reflect these increased expenses in our pricing or otherwise modify our operations to mitigate the effects of such increases, our operating results will be adversely affected. We face international political, legal and compliance, operational, regulatory, economic and other risks that may be more significant than in our domestic operations. Our international operations present political, legal, compliance, operational, regulatory, economic and other risks that we do not face or that are more significant than in our domestic operations. These risks vary widely by country and include varying regional and geopolitical business conditions and demands, government intervention and censorship, discriminatory regulation, climate change regulation, nationalization or expropriation of assets and pricing constraints. Our international products need to meet country- specific customer and member preferences as well as country- specific legal requirements, including those related to licensing, data privacy, data storage and data protection. Our international operations increase our exposure to, and require us to devote significant management resources to implement controls and systems to comply with, the privacy and data protection laws of non- U. S. jurisdictions, such as the EU' s GDPR, and the anti- bribery, anti- corruption and anti- money laundering laws of the ~~United States~~ **U. S.** (including the FCPA) and the United Kingdom (including the UK Bribery Act) and similar laws in other jurisdictions. Implementing our compliance policies, internal controls and other systems may also require the investment of considerable management time and financial and other resources. Violations of these laws and regulations could result in fines, criminal sanctions against us, our officers or employees, restrictions or outright prohibitions on the conduct of our business, and significant brand and reputational harm. We must regularly reassess the size, capability and location of our global infrastructure and make appropriate changes, and must have effective change management processes and internal controls in place to address changes in our businesses and operations. Our success depends, in part, on our ability to anticipate these risks and manage these difficulties, and the failure to do so could have a material adverse effect on our brand, reputation, businesses, operating results and / or financial condition. Our international operations require us to overcome logistical and other challenges based on differing languages, cultures, legal and regulatory schemes and time zones. Our international operations encounter labor laws, standards and customs that can be difficult and make employee relationships less flexible than in our domestic operations and expensive to modify or terminate. In some countries we are required to, or choose to, operate with local business associates, which requires us to manage our relationships with these third parties and may reduce our operational flexibility and ability to quickly respond to business challenges. In some countries we may be exposed to currency exchange controls or other restrictions that prevent us from transferring funds internationally or converting local currencies into U. S. dollars or other currencies. Fluctuations in foreign currency exchange rates may adversely affect our revenues, operating results and cash flows from our international operations. Some of our operations are, and are increasingly likely to be, in emerging markets where these risks are heightened. Any measures we may implement to reduce the effect of volatile currencies and other risks on our international operations may not be effective. Upon the closing of any acquisition, including the ~~proposed~~ **recent** ~~acquisition~~ **acquisitions** of Oak Street Health and ~~pending acquisition of~~ Signify Health, we ~~will~~ need to successfully integrate the products, services and related assets, as well as internal controls into our business operations. If an acquisition is consummated, the integration of the acquired business, its products, services and related assets into our company also may be complex, expensive, and time- consuming and, if the integration is not fully successful, we may not achieve the anticipated benefits, operating and cost synergies and / or growth opportunities of an acquisition. Potential difficulties that may be encountered in the integration process, including with respect to Oak Street Health and Signify Health, include the following: • Integrating personnel, operations and systems (including internal control environments and compliance policies), while maintaining focus on producing and delivering consistent, high quality products and services; • Coordinating geographically dispersed organizations; • ~~Disrupting~~ **Distracting** management' s attention from our ongoing business operations; • Retaining existing customers and attracting new customers; • Managing inefficiencies associated with integrating our operations; and • Reconciling post- acquisition costs and liabilities between buyer and seller. An inability to realize the full extent of the anticipated benefits, operating and cost synergies, innovations and operations efficiencies or growth opportunities of an acquisition, including the ~~proposed~~ **recent** ~~acquisition~~ **acquisitions** of Oak Street Health and ~~pending acquisition of~~ Signify Health, as well as any delays or additional expenses encountered in the integration process, could have a material adverse effect on our businesses and operating results. Furthermore, acquisitions, including the ~~proposed~~ **recent** ~~acquisition~~ **acquisitions** of Oak Street Health and ~~pending acquisition of~~ Signify Health, even if successfully integrated, may fail to further our business strategy as anticipated, expose us to increased competition or challenges with respect to our products, services or service areas, and expose us to additional liabilities associated with an acquired business including risks and liabilities associated with litigation involving the acquired business. Any one of these challenges or risks could impair our ability to realize any benefit from our acquisitions after we have expended resources on them. We expect to continue to pursue acquisitions, joint ventures, strategic alliances and other inorganic growth opportunities, as well as strategic divestitures, which may be unsuccessful, cause us to assume unanticipated liabilities, disrupt our existing businesses, be dilutive or lead us to assume significant debt, among other things. We expect to continue to pursue acquisitions, joint ventures, strategic alliances and other inorganic growth opportunities as part of our ~~growth~~ **business** strategy. In addition to the integration risks noted above, some other risks we may face with respect to acquisitions, including the ~~proposed~~ **recent** ~~acquisition~~ **acquisitions** of Oak Street Health and ~~pending acquisition of~~ Signify Health, and other inorganic growth strategies include: • we may not be able to obtain the required regulatory approval for an acquisition in a timely manner, if at all; • we frequently compete with other firms, some of which may have greater financial and other resources and a greater tolerance for risk, to acquire attractive companies; • the acquired, alliance and / or joint venture businesses may not

perform as projected; • the goodwill or other intangible assets established as a result of our acquisitions may be incorrectly valued or may become impaired; • we may assume unanticipated liabilities, including those that were not disclosed to us or which we underestimated; • the acquired businesses, or the pursuit of other inorganic growth strategies, could disrupt or compete with our existing businesses, distract management, result in the loss of key employees, business partners, suppliers and customers, divert resources, result in tax costs or inefficiencies and make it difficult to maintain our current business standards, controls, information technology systems, policies, procedures and performance; • we may finance future acquisitions and other inorganic growth strategies by issuing common stock for some or all of the purchase price, which would dilute the ownership interests of our stockholders; • we may incur significant debt in connection with acquisitions (whether to finance acquisitions or by assuming debt from the businesses we acquire); • a proposed or pending transaction may have a negative effect on the Company' s credit ratings; • we may not have the expertise to manage and profitably grow the businesses we acquire, and we may need to rely on the retention of key personnel and other suppliers of businesses we acquire, which may be difficult or impossible to accomplish; • we may enter into merger or purchase agreements but, due to reasons within or outside our control, fail to complete the related transactions, which could result in termination fees or other penalties that could be material, cause material disruptions to our businesses and operations and adversely affect our brand, reputation, or stock price; ~~for example, if the proposed acquisition of Oak Street Health terminates under certain specified circumstances and the receipt of regulatory approval has not been obtained by such time, the Company will be required to pay Oak Street Health a termination fee of approximately $ 500 million and if the pending acquisition of Signify Health terminates under certain specified circumstances and the receipt of regulatory approval has not been obtained by such time, the Company will be required to pay Signify Health a termination fee in an amount equal to $ 380 million;~~ • in order to complete an acquisition, we may be required to divest certain portions of our business, for which we may not be able to obtain favorable pricing; • we may be involved in litigation related to mergers or acquisitions, including for matters that occurred prior to the applicable closing, which may be costly to defend and may result in adverse rulings against us that could be material; • announcements related to an acquisition could have an adverse effect on the market price of the Company' s common stock and other securities; and • the integration into our businesses of the businesses and entities we acquire may affect the way in which existing laws and regulations apply to us, including subjecting us to laws and regulations that did not previously apply to us. Similarly, we may also seek to divest assets that no longer fit into our long- term strategic plan. Such divestitures may take time and, even if such divestitures can be completed, **the terms of such divestitures will be subject to market conditions, financing availability and other considerations of potential buyers, and** they may have negative short- term financial impacts **on us** ~~or may result in regulatory and financial exposure to businesses we have sold~~. In addition, joint ventures present risks that are different from acquisitions, including selection of appropriate joint venture parties, initial and ongoing governance of the joint venture, joint venture compliance activities (including compliance with applicable CMS requirements), growing the joint venture' s business in a manner acceptable to all the parties, including other providers in the networks that include joint ventures, maintaining positive relationships among the joint venture parties and the joint venture' s customers, and member and business disruption that may occur upon joint venture termination. Failure to meet customer expectations may harm our brand and reputation, our ability to retain and grow our customer base and membership and our operating results and cash flows. Our ability to attract and retain customers and members is dependent upon providing **compliant,** cost effective, quality customer service operations (such as call center operations, PBM functions, retail pharmacy and LTC services, retail, mail order and specialty pharmacy prescription delivery, claims processing, customer case installation and online access and tools) that meet or exceed our customers' and members' expectations, either directly or through vendors. As we seek to reduce general and administrative expenses, we must balance the potential impact of cost- saving measures on our customers and other services and performances. If we misjudge the effects of such measures, customers and other services may be adversely affected. We depend on third parties for certain of our customer service, PBM and prescription delivery operations. If we or our vendors fail to provide **compliant** service that meets our customers' and members' expectations, we may have difficulty retaining or profitably growing our customer base and / or membership, which could adversely affect our operating results. For example, noncompliance with any privacy or security laws or regulations or any security breach involving us or one of our third- party vendors could have a material adverse effect on our businesses, operating results, brand and reputation. We and our vendors have experienced and continue to experience **cyberattacks** ~~cyber attacks~~. We can provide no assurance that we or our vendors will be able to detect, prevent or contain the effects of such attacks or other information security (including cybersecurity) risks or threats in the future. We and our vendors have experienced diverse **cyberattacks** ~~cyber attacks~~ and expect to continue to experience **cyberattacks** ~~cyber attacks~~ going forward. As examples, the Company and its vendors have experienced attempts to gain access to systems, denial of service attacks, attempted malware infections, account takeovers, scanning activity, and phishing emails. Attacks can originate from external sources (including criminals, terrorists ~~,~~ **and** nation states ~~,~~ **)** or internal actors ~~)~~. The Company is dedicating and will continue to dedicate significant resources and incur significant expenses to maintain and update on an ongoing basis the systems and processes that are designed to mitigate the information security risks it faces and protect the security of its computer systems, software, networks and other technology assets against attempts by unauthorized parties to obtain access to confidential information, disrupt or degrade service, or cause other damage. The impact of known **cyberattacks** ~~cyber attacks~~ has not been material to the Company' s operations or operating results through December 31, ~~2022~~ **2023** . The Board ~~and its~~ **is** ~~Audit Committee and Nominating and Corporate Governance Committee are~~ regularly informed regarding the Company' s information security policies, practices and status. A compromise of our information security controls or of those businesses with whom we interact, which results in confidential information being accessed, obtained, damaged, or used by unauthorized or improper persons, could harm our reputation and expose us to regulatory actions and claims from customers and clients, financial institutions, payment card associations and other persons, any of which could adversely affect our businesses, operating results and financial condition. Because the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change

frequently and may not immediately produce signs of intrusion, we may be unable to anticipate these techniques or to implement adequate preventative measures. Moreover, a data security breach could require that we expend significant resources related to our information systems and infrastructure, and could distract management and other key personnel from performing their primary operational duties. We also could be adversely affected by any significant disruption in the systems of third parties we interact with, including key payors and vendors. The costs of attempting to protect against the foregoing risks and the costs of responding to an information security incident are significant. Large scale data breaches at other entities increase the challenge we and our vendors face in maintaining the security of our information technology systems and proprietary information and of our customers', employees', members' and other constituents' sensitive information. Following an information security incident, our and / or our vendors' remediation efforts may not be successful, and could result in interruptions, delays or cessation of service, and loss of existing or potential customers and members. In addition, breaches of our and / or our vendors' security measures and the unauthorized access to or dissemination of sensitive personal information ~~or~~ **,** proprietary information or confidential information about us, our customers, our members or other third- parties, could expose our customers', members' and other constituents' private information and our customers, members and other constituents to the risk of financial or medical identity theft, or expose us or other third parties to a risk of loss or misuse of this information, and result in investigations, regulatory enforcement actions, material fines and penalties, loss of customers, litigation or other actions **,** which could have a material adverse effect on our brand, reputation, businesses, operating results and cash flows. **See Item 1C of this 10- K, " Cybersecurity, " for more information on the Company' s cybersecurity risk management and governance.** Data governance failures can adversely affect our reputation, businesses and prospects. Our use and disclosure of members', customers' and other constituents' sensitive information is subject to complex regulations at multiple levels. We would be adversely affected if we or our business associates or other vendors fail to adequately protect members', customers' or other constituents' sensitive information. Our information systems are critical to the operation of our businesses. We collect, process, maintain, retain, evaluate, utilize and distribute large amounts of personally identifiable, personal health, and financial information (including payment card information) and other confidential and sensitive data about our customers, employees, members and other constituents in the ordinary course of our businesses. Some of our information systems rely upon third party systems, including cloud service providers, to accomplish these tasks. The use and disclosure of such information is regulated at the federal, state and international levels ~~, including, for example, the California Consumer Privacy Act which went into effect January 1, 2020, the EU' s GDPR which began to apply across the EU during 2018 and the audit program implemented by HHS under HIPAA~~ . In some cases, such laws, rules and regulations also apply to our vendors and / or may hold us liable for any violations by our vendors. These laws, rules and regulations are subject to change (and many are rapidly evolving) and in recent years have given rise to increased enforcement activity, litigation, and other disputes **. For example, certain of our vendors have experienced incidents that resulted in the unauthorized disclosure of confidential information, including personal information of our members, patients or employees, which has caused us to incur expenses including those related to responding to regulatory inquiries and / or litigation. Some of these expenses are indemnified but others are not** . International laws, rules and regulations governing the use and disclosure of these types of information are generally more stringent than U. S. laws and regulations, and they vary from jurisdiction to jurisdiction. Noncompliance with applicable privacy or security laws or regulations, or any security breach, information security incident, and any other incident involving the theft, misappropriation, loss or other unauthorized disclosure of, or access to, sensitive or confidential customer, member or other constituent information, whether by us, by one of our business associates or vendors or by another third party, could require us to expend significant resources to remediate any damage, could interrupt our operations and could adversely affect our brand and reputation, membership and operating results and also could expose and / or has exposed us to mandatory disclosure requirements, adverse media attention, litigation (including class action litigation), governmental investigations and enforcement proceedings, material fines, penalties and / or remediation costs, and compensatory, special, punitive and statutory damages, consent orders, adverse actions against our licenses to do business and / or injunctive relief, any of which could adversely affect our businesses, operating results, cash flows or financial condition. Our businesses depend on our customers', members' and other constituents' willingness to entrust us with their health related and other sensitive personal information. Events that adversely affect that trust, including inadequate disclosure to our members or customers of our uses of their information, failing to keep our information technology systems and our customers', members' and other constituents' sensitive information secure from significant attack, theft, damage, loss or unauthorized disclosure or access, whether as a result of our action or inaction (including human error) or that of our business associates, vendors or other third parties, could adversely affect our brand and reputation, membership and operating results and also could expose and / or has exposed us to mandatory disclosure to the media, litigation (including class action litigation), governmental investigations and enforcement proceedings, material fines, penalties and / or remediation costs, and compensatory, special, punitive and statutory damages, consent orders, adverse actions against our licenses to do business and / or injunctive relief, any of which could adversely affect our businesses, operating results, cash flows or financial condition. There can be no assurance that awe have or will be able to adequately prevent, detect, and / or remediate such data security incidents. **are dependent on our** information systems and the information collected,processed,stored **,** and handled by these systems.We rely heavily on our **computer** ~~information and technology~~ systems to manage our ordering,pricing,point- of- sale,pharmacy fulfillment,inventory replenishment,claims processing,customer loyalty and subscription programs,finance,human resources **,** and other processes.Throughout our operations,we collect,process,maintain,retain,evaluate,utilize and distribute large amounts of confidential and sensitive data and information,including personally identifiable information and protected health information,that our customers,employees,members and other constituents provide to purchase products or services,enroll in programs or services,register on our websites,interact with our personnel,or otherwise communicate with us.For these operations,we depend in part on the secure transmission of confidential information over public networks.We have many different information and

other technology systems supporting our ~~different~~ businesses (including as a result of our acquisitions).Our businesses depend in large part on these systems to adequately price our products and services;accurately establish reserves,process claims and report operating results;and interact with providers,employer plan sponsors,customers,members,consumers and vendors in an efficient and uninterrupted fashion.In addition,recent trends toward greater consumer engagement in health care require new and enhanced technologies,including more sophisticated applications for mobile devices.Certain of our technology systems (including software) are older,legacy systems that are less flexible,less efficient and require a significant ongoing commitment of capital and human resources to maintain,protect and enhance them and to integrate them with our other systems.We must re-engineer and reduce the number of these ~~older,legacy~~ systems to meet changing consumer and vendor preferences and needs,improve our productivity and reduce our operating expenses.We also need to develop or acquire new technology systems,contract with new vendors or modify certain of our existing systems to support the consumer- oriented and ~~transformational~~ -- **transformation** products and services we are developing,operating and expanding and / or to meet current and developing industry and regulatory standards,including to keep pace with continuing changes in information processing technology,emerging cybersecurity risks and threats,and changes to applicable privacy and security laws,rules and regulations.If we fail to achieve these objectives,our ability to profitably grow our business and / or our operating results may be adversely affected.In addition,information technology and other technology and process improvement projects,including our transformation and enterprise modernization programs,frequently are long- term in nature and may take longer to complete and cost more than we expect and may not deliver the benefits we project once they are complete.If we do not effectively and efficiently secure,manage,integrate and enhance our technology portfolio (including vendor sourced systems),we could,among other things,have problems determining health care and other benefit cost estimates and / or establishing appropriate pricing,meeting the needs of customers,consumers,providers,members and vendors,developing and expanding our consumer-oriented products and services or keeping pace with industry and regulatory standards,and our operating results may be adversely affected Product liability, product recall **, professional liability** or personal injury issues could damage our reputation and have a significant adverse effect on our businesses, operating results, cash flows and / or financial condition. The products that we sell could become subject to contamination, product tampering, mislabeling, recall or other damage. In addition, errors in the dispensing, packaging or administration of drugs or other products and consuming drugs in a manner that is not prescribed could lead to serious injury or death. Product liability or personal injury claims may be asserted against us with respect to any of the drugs or other products we sell or services we provide. For example, we are a defendant in hundreds of litigation proceedings relating to opioids and the sale of products containing talc. Our businesses **also** involve the provision of professional services, including by **physicians,** pharmacists, physician assistants, nurses and nurse practitioners, which exposes us to professional liability claims. Should a product or other liability issue arise, the coverage available under our insurance programs and the indemnification amounts available to us from third parties may not be adequate to protect us against the financial impact of the related claims. We also may not be able to maintain our existing levels of insurance on acceptable terms in the future. **Any of the** ~~A product liability or personal injury issue~~ **issues discussed above** ~~or judgment against us or a product recall, tampering, or mislabeling~~ could damage our **brand and** reputation and have a significant adverse effect on our businesses, operating results and / or financial condition. We face significant competition in attracting and retaining talented employees. Further, managing succession for, and retention of, key executives is critical to our success, and our failure to do so could adversely affect our businesses, operating results and / or future performance. Our ability to attract and retain qualified and experienced employees is essential to meet our current and future goals and objectives. There is no guarantee we will be able to attract and retain such employees or that competition among potential employers will not result in increased compensation and / or benefits costs. If we are unable to retain existing employees or attract additional employees, or we experience an unexpected loss of leadership, we could experience a material adverse effect on our businesses, operating results and / or future performance. In addition, our failure to adequately plan for succession of senior management and other key management roles or the failure of key employees to successfully transition into new roles could have a material adverse effect on our businesses, operating results and / or future performance. The succession plans we have in place and our employment arrangements with certain key executives do not guarantee the services of these executives will continue to be available to us. Sales of our products and services are dependent on our ability to attract and motivate internal sales personnel and independent third- party brokers, consultants and agents. New distribution channels create new disintermediation risk. We may be subject to penalties or other regulatory actions as a result of the marketing practices of brokers and agents selling our products. Our products are sold primarily through our sales personnel, who frequently work with independent brokers, consultants and agents who assist in the **marketing,** production and servicing of business. The independent brokers, consultants and agents generally are not dedicated to us exclusively and may frequently recommend and / or market health care benefits products of our competitors ~~. Accordingly, we must compete intensely for their services and allegiance~~ . Our sales could be adversely affected if we are unable to attract, retain or motivate sales personnel and third- party brokers, consultants and agents, or if we do not adequately provide support, training and education to this sales network regarding our complex product portfolio, or if our sales strategy is not appropriately aligned across distribution channels. This risk is heightened as we develop, operate and expand our consumer- oriented products and services and we expand in the health care space and our business model evolves to include a greater focus on consumers and direct- to- consumer sales, such as competing for sales on Insurance Exchanges. New distribution channels for our products and services continue to emerge, including Private Exchanges operated by health care consultants and technology companies. These channels may make it more difficult for us to directly engage consumers and other customers in the selection and management of their health care benefits, in health care utilization and in the effective navigation of the health care system. We also may be challenged by new technologies and marketplace entrants that could interfere with our existing relationships with customers and health plan members in these areas. In addition, there have been several investigations regarding the marketing practices of brokers and agents selling health care and other insurance products and the payments they receive. These investigations have

resulted in enforcement actions against companies in our industry and brokers and agents marketing and selling those companies' products. **These investigations and enforcement actions could result in penalties and the imposition of corrective action plans and / ~~For~~ or ~~example~~ changes to industry practices, which could adversely affect our ability to market our products. Specifically** , CMS **, U. S. Congressional committees** and state departments of insurance have **each** increased **~~their~~** scrutiny of the marketing practices of brokers and agents who market Medicare products **~~.~~ and of the Medicare Advantage organizations that use ~~These~~ these organizations to market ~~investigations and enforcement actions could result in penalties and the~~ their ~~imposition~~ products. Any** of **~~corrective~~ the federal agencies noted above or U. S. Congress may also recommend changes or take additional** action **with respect to the way in which brokers and agents are compensated for selling our Medicare Advantage and Part D** plans **. In addition, CMS has recently proposed new limitations on the amounts brokers** and **~~/~~ agents can earn ~~or~~ for ~~changes to industry practices, which could adversely affect our ability to market~~ marketing ~~our products~~ Medicare Advantage and Part D plans** . To maximize our overall enterprise value, our various businesses need to collaborate effectively. Our businesses need to be aligned in order to **carry out our business strategy,** prioritize goals and coordinate the design of new products intended to utilize the offerings of multiple businesses, including **implementing** our transformation and enterprise modernization programs. In addition, misaligned incentives, information siloes, ineffective product development and failure of our corporate governance policies or procedures, for example significant financial decisions being made at an inappropriate level in our organization, also could prevent us from maximizing our operating results and / or achieving our financial and other projections. **We** ~~The failure or disruption of our information technology systems or the failure of our information technology infrastructure to support our businesses could adversely affect our reputation, businesses, operating results and cash flows. Our information systems~~ are subject to ~~damage~~ **payment- related risks that could increase ~~or~~ our operating costs** ~~interruption from power outages~~ , **expose us to fraud** ~~facility damage, computer and telecommunications failures, computer viruses, security breaches (including credit card or personally identifiable information breaches), cyber attacks, vandalism, catastrophic events and human error. If our~~ **or theft** ~~information systems are damaged~~ , ~~fail~~ **subject us** to ~~work properly or otherwise become unavailable, we~~ **new rules and other requirements and potential liability and** may ~~incur substantial costs to repair or replace them, and may experience reputational damage, loss of critical information, customer disruption~~ --- **disrupt** ~~and interruptions or~~ **our** delays in our ability to perform essential..... development of new operational processes. Our business ~~success and operating results depend in part on effective information technology systems and on continuing to develop and implement improvements in technology. Pursuing multiple initiatives simultaneously could make this continued development and implementation significantly more challenging. Many aspects of our~~ operations are dependent on our information systems and..... our operating results may be adversely affected . We accept payments using a variety of methods, including cash, checks, credit cards, debit cards, gift cards, mobile payments and potentially other technologies in the future **that may subject us to new and additional risks related to fraud and theft** . Acceptance of these payment methods subjects us to rules, regulations, contractual obligations and compliance requirements, including payment network rules and operating guidelines, data security standards and certification requirements, and rules governing electronic funds transfers. These requirements may change in the future, which could make compliance more difficult or costly. For certain payment options, including credit and debit cards, we pay interchange and other fees, which could increase periodically thereby raising our operating costs. We rely on third parties to provide payment processing services, including the processing of credit cards, debit cards, and various other forms of electronic payment. If these vendors are unable to provide these services to us, or if their systems are compromised, our operations could be disrupted. The payment methods that we offer also expose us to potential fraud and theft by persons seeking to obtain unauthorized access to, or exploit any weaknesses in, the payment systems we use. If we fail to abide by applicable rules or requirements, or if data relating to our payment systems is compromised due to a breach or misuse, we may be responsible for any costs incurred by payment card issuing banks and other third parties or subject to fines and higher transaction fees. In addition, our reputation and ability to accept certain types of payments could each be harmed resulting in reduced sales and adverse effects on our operating results. Both our and our vendors' operations are subject to a variety of business continuity hazards and risks, any of which could interrupt our operations or otherwise adversely affect our performance and operating results. We and our vendors are subject to business continuity hazards and other risks, including natural disasters **and extreme weather events (which may increase in frequency or intensity as a result of climate change)** , utility and other mechanical failures, acts of war or terrorism, acts of civil unrest, crime, disruption of communications, data security and preservation, disruption of supply or distribution, safety regulation and labor difficulties. The occurrence of any of these or other events to us or our vendors might disrupt or shut down our operations or otherwise adversely affect our operations. We also may be subject to certain liability claims in the event of an injury or loss of life, or damage to property, resulting from such events. Although we have developed procedures for crisis management and disaster recovery and business continuity plans **,** and **we** maintain insurance policies that we believe are customary and adequate for our size and industry, our ~~insurance policies include limits and exclusions and, as a result, our coverage may be insufficient to protect against all potential hazards and risks incident to our businesses. In addition, our~~ crisis management and disaster recovery procedures and business continuity plans may not be effective **and our insurance policies include limits and exclusions and, as a result, our coverage may be insufficient to protect against all potential hazards and risks incident to our businesses** . Should any such hazards or risks occur, or should our insurance coverage be inadequate or unavailable, our businesses, operating results, cash flows and financial condition could be adversely affected. We would be adversely affected if we do not effectively deploy our capital. Downgrades or potential downgrades in our credit ratings, should they occur, could adversely affect our brand and reputation, businesses, operating results, cash flows and financial condition. Our operations generate significant capital, and we may from time to time raise additional capital, subject to market conditions. The manner in which we deploy our capital, including investments in our businesses, our operations (such as information technology and other strategic and capital projects), dividends, acquisitions, share and / or debt repurchases, repayment of debt, reinsurance or other

capital uses, impacts our financial strength, claims paying ability and credit ratings issued by nationally- recognized statistical rating organizations. Credit ratings issued by nationally- recognized statistical rating organizations are broadly distributed and generally used throughout our industries. Our ratings reflect each rating organization' s opinion of our financial strength, operating performance and ability to meet our debt obligations or obligations to our insureds. We believe our credit ratings and the financial strength and claims paying ability of our principal insurance and HMO subsidiaries are important factors in marketing our Health Care Benefits products to certain of our customers. Each of the ratings organizations reviews our ratings periodically, and there can be no assurance that our current ratings will be maintained in the future. Downgrades in our ratings could adversely affect our businesses, operating results, cash flows and financial condition. As of December 31, ~~2022~~ **2023** and December 31, ~~2021~~ **2022** , we had $ **120. 5 billion and $** 102. 9 ~~billion and $ 108. 1~~ billion, respectively, of goodwill and other intangible assets. Goodwill and indefinite- lived intangible assets are subject to annual impairment reviews, or more frequent reviews if events or circumstances indicate that the carrying value may not be recoverable. When evaluating goodwill for potential impairment, we compare the fair value of our reporting units to their respective carrying amounts. We estimate the fair value of our reporting units using a combination of a discounted cash flow method and a market multiple method. If the carrying amount of a reporting unit exceeds its estimated fair value, a goodwill impairment loss is recognized in an amount equal to the excess to the extent of the goodwill balance. Indefinite- lived intangible assets are tested for impairment by comparing the estimated fair value of the asset to its carrying value. The Company estimates the fair value of its indefinite- lived trademarks using the relief from royalty method under the income approach. If the carrying value of the asset exceeds its estimated fair value, an impairment loss is recognized, and the asset is written down to its estimated fair value. Definite- lived intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying value of such an asset may not be recoverable. If indicators of impairment are present, the Company first compares the carrying amount of the asset group to the estimated future cash flows associated with the asset group (undiscounted). If the estimated future cash flows used in this analysis are less than the carrying amount of the asset group, an impairment loss calculation is prepared. The impairment loss calculation compares the carrying amount of the asset group to the asset group' s estimated future cash flows (discounted). Estimated fair values could change if, for example, there are changes in the business climate, industry- wide changes, changes in the competitive environment, adverse legal or regulatory actions or developments, changes in capital structure, cost of debt, interest rates, capital expenditure levels, operating cash flows or market capitalization. Because of the significance of our goodwill and intangible assets, any future impairment of these assets could require material noncash charges to our operating results, which also could have a material adverse effect on our financial condition. Adverse conditions in the U. S. and global capital markets can significantly and adversely affect the value of our investments in debt and equity securities, mortgage loans, alternative investments and other investments, and our operating results and / or our financial condition. The global capital markets, including credit markets, continue to experience volatility and uncertainty. As an insurer, we have a substantial investment portfolio that supports our policy liabilities and surplus and is comprised largely of debt securities of issuers located in the U. S. As a result, the income we earn from our investment portfolio is largely driven by the level of interest rates in the U. S., and to a lesser extent the international financial markets **.** ~~; and volatility~~ **Volatility** , uncertainty and / or disruptions in the global capital markets, particularly the U. S. credit markets, and governments' monetary policy, particularly U. S. monetary policy, can significantly and adversely affect the value of our investment portfolio, our operating results and / or our financial condition by: • significantly reducing the value and / or liquidity of the debt securities we hold in our investment portfolio and creating realized capital losses that reduce our operating results and / or unrealized capital losses that reduce our shareholders' equity; • lowering interest rates on high- quality short- term or medium- term debt securities and thereby materially reducing our net investment income and operating results as the proceeds from securities in our investment portfolio that mature or are otherwise disposed of continue to be reinvested in lower yielding securities; • reducing the fair values of our investments if interest rates rise; • causing non- performance of or defaults on their obligations to us by third parties, including customers, issuers of securities in our investment portfolio, mortgage borrowers and / or reinsurance and / or derivatives counterparties; • making it more difficult to value certain of our investment securities, for example if trading becomes less frequent, which could lead to significant period- to- period changes in our estimates of the fair values of those securities and cause period- to- period volatility in our net income and shareholders' equity; • reducing our ability to issue short- term debt securities at attractive interest rates, thereby increasing our interest expense and decreasing our operating results; and • reducing our ability to issue other securities. Although we seek, within guidelines we deem appropriate, to match the duration of our assets and liabilities and to manage our credit and counterparty exposures, a failure ~~adequately~~ to do so **adequately** could adversely affect our net income and our financial condition and, in extreme circumstances, our cash flows. Our ~~Retail / LTC~~ **Pharmacy & Consumer Wellness** segment and our mail order and specialty pharmacy operations generate revenues in significant part by dispensing prescription drugs. Our PBM business generates revenues primarily by contracting with clients to provide prescription drugs and related health care services to plan members. As a result, we are dependent on our relationships with prescription drug manufacturers and suppliers. We acquire a substantial amount of our mail order and specialty pharmacies' prescription drug supply from a limited number of suppliers. Certain of our agreements with such suppliers are short- term and cancelable by either party without cause. In addition, these agreements may allow the supplier to distribute through channels other than us. Certain of these agreements also allow pricing and other terms to be adjusted periodically for changing market conditions or required service levels. A termination or modification to any of these relationships could adversely affect our prescription drug supply and have a material adverse effect on our businesses, operating results and financial condition. Moreover, many products distributed by our pharmacies are manufactured with ingredients that are susceptible to supply shortages. In some cases, we depend upon a single source of supply. Any such supply shortages or loss of any such single source of supply could adversely affect our operating results and cash flows. Much of the branded and generic drug product that we sell in our pharmacies, and much of the other merchandise we sell, is manufactured in whole or in substantial part outside of the ~~United States~~ **U. S** . In most cases, the

products or merchandise are imported by others and sold to us. As a result, significant changes in tax or trade policies, tariffs or trade relations between the ~~United States~~ **U. S.** and other countries, such as the imposition of unilateral tariffs on imported products, could result in significant increases in our costs, restrict our access to suppliers, depress economic activity, and have a material adverse effect on our businesses, operating results and cash flows. In addition, other countries may change their business and trade policies and such changes, as well as any negative sentiments towards the ~~United States~~ **U. S.** in response to increased import tariffs and other changes in U. S. trade regulations, could adversely affect our businesses. Our suppliers are independent entities subject to their own operational and financial risks that are outside our control. If our current suppliers were to stop selling prescription drugs to us or delay delivery, including as a result of supply shortages, supplier production disruptions, supplier quality issues, closing or bankruptcies of our suppliers, or for other reasons, we may be unable to procure alternatives from other suppliers in a timely and efficient manner and on acceptable terms, or at all. Our operating results may be adversely affected if we are unable to contract with providers on competitive terms and develop and maintain attractive networks with high quality providers. We are seeking to enhance our health care provider networks by entering into joint ventures and other collaborative risk- sharing arrangements with providers. Providers' willingness to enter these arrangements with us depends upon, among other things, our ability to provide them with up to date quality of care data to support these value-based contracts. These arrangements are designed to give providers incentives to engage in population health management and optimize delivery of health care to our members. These arrangements also may allow us to expand into new geographies, target new customer groups, increase membership and reduce medical costs and, if we provide technology or other services to the relevant health system or provider organization, may contribute to our revenue and earnings from alternative sources. If such arrangements do not result in the lower medical costs that we project or if we fail to attract providers to such arrangements, or are less successful at implementing such arrangements than our competitors, our medical costs may not be competitive and may be higher than we project, our attractiveness to customers may be reduced, we may lose or be unable to grow medical membership, and our ability to profitably grow our business and / or our operating results may be adversely affected. While we believe joint ventures, ~~accountable care organizations (" ACOs ")~~ and other non- traditional health care provider organizational structures present opportunities for us, the implementation of our joint ventures and other non- traditional structure strategies may not achieve the intended results, which could adversely affect our operating results and cash flows. Among other things, joint ventures require us to maintain collaborative relationships with our counterparties, continue to gain access to provider rates that make the joint ventures economically sustainable and devote significant management time to the operation and management of the joint ventures. We may not be able to achieve these objectives in one or more of our joint ventures, which could adversely affect our operating results and cash flows. If our suppliers or service providers fail to meet their contractual obligations to us or to comply with applicable laws or regulations, we may be exposed to brand and reputational harm, litigation and / or regulatory action. This risk is particularly high in our Medicare, Medicaid, dual eligible and dual eligible special needs plan programs. **We** ~~In addition to our suppliers, we~~ contract with various third parties to **supply us with necessary products,** perform certain functions and services and provide us with certain information technology systems. Our arrangements with suppliers and these third parties 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 or to comply with applicable laws or regulations, including those related to human capital and climate change. For example, certain of our vendors have been responsible for releases of sensitive information of our members and employees, which has caused us to incur additional expenses and given rise to regulatory actions and litigation against us. These risks are particularly high in our in Medicare Advantage (including dual eligible special needs plans), Medicare Part D, Medicaid, and ~~managed~~ **Managed** Medicaid plans, where third parties may perform medical management and other member related services for us. Any failure of our or these third parties' 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', customers' 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 businesses, operating results, cash flows and / or financial condition. Some providers that render services to our Health Care Benefits members do not have contracts with us. In those cases, we do not have a pre- established understanding with these **nonparticipating** providers as to the amount of compensation that is due to them for services rendered to our members. In some states, the amount of compensation due to these nonparticipating providers is defined by law or regulation, but in most instances it is either not defined or it is established by a standard that is not clearly translatable into dollar terms. In such instances providers may believe that they are underpaid for their services and may either litigate or arbitrate their dispute with us or try to recover the difference between what we have paid them and the amount they charged us from our members, which may result in ~~customer and~~ member dissatisfaction. For example, in ~~October 2018~~ **2019**, ~~an arbitrator awarded~~ certain claimant hospitals **were awarded** approximately $ ~~150~~ **86** million in ~~a~~ **an arbitration** proceeding relating to Aetna' s out- of- network benefit payment and administration practices ~~, and in March 2019 that award was reduced to approximately $ 86 million~~. Such disputes may cause us to pay higher medical or other benefit costs than we projected. Continuing consolidation and integration among providers and other suppliers may increase our medical and other covered benefits costs, make it difficult for us to compete in certain geographies and create new competitors. Hospitals ~~and~~ **,** other **health care** providers and health systems continue to consolidate across the health care industry. While this consolidation could increase efficiency and has the potential to improve the delivery of health care services, it also reduces competition and the number of potential contracting parties in certain geographies. These health systems also are increasingly forming and considering forming health plans to directly offer health insurance in competition with us, a process that has been accelerated by

the ACA. In addition, ACOs (including Commercial and Medicaid- only ACOs developed as a result of state Medicaid laws), practice management companies, consolidation among and by integrated health systems and other changes in the organizational structures that physicians, hospitals and other providers adopt continues to change the way these providers interact with us and the competitive landscape in which we operate. These changes may increase our medical and other covered benefits costs, may affect the way we price our products and services and estimate our medical and other covered benefits costs and may require us to change our operations, including by withdrawing from certain geographies where we do not have a significant presence across our businesses or are unable to collaborate or contract with providers on acceptable terms. Each of these changes may adversely affect our businesses and operating results.