

October 27, 2009



Centene Corporation Reports 2009 Third Quarter Earnings

-- Company Updates Full Year 2009 EPS Guidance to \$1.91-\$1.97 --

-- Premium and Service Revenue Growth of 18.1% --

-- Strong Cash Flow Generation of \$115 Million --

ST. LOUIS--(BUSINESS WIRE)-- Centene Corporation (NYSE: CNC) today announced its net earnings from continuing operations for the quarter ended September 30, 2009 were \$22.7 million, or \$0.51 per diluted share, compared to \$18.1 million, or \$0.41 per diluted share in the third quarter of 2008. The results of operations for our New Jersey health plan, University Health Plans, are classified as discontinued operations. The discussions below, with the exception of cash flow information, are in the context of continuing operations and all financial ratios are calculated using revenues excluding premium taxes and investment income.

Third Quarter Highlights

- Quarter-end managed care at-risk membership of 1,386,400, an increase of 215,300 lives year over year.
- Premium and Service revenues of \$987.3 million, representing 18.1% year over year growth.
- Health Benefits Ratio (HBR) of 83.7%.
- General and Administrative (G&A) expense ratio of 13.2%.
- Cash flow from operations of \$114.9 million.
- Days in claims payable of 47.1.
- Diluted earnings per share from continuing operations of \$0.51, compared to \$0.41 in the third quarter of 2008. Earnings per diluted share in 2008 included a \$0.06 loss on investments from the Primary Reserve fund.

Other Events

- On August 31, 2009, Centene announced that the State of Massachusetts had accepted its proposal to manage healthcare services for the Commonwealth Bridge Program through its subsidiary, CeltiCare Health Plan of Massachusetts, effective October 1, 2009, through June 30, 2010.
- Effective September 1, 2009, Centene converted 62,100 members in Florida from Access Health Solutions to at-risk under our Sunshine State Health Plan.
- On October 24, 2009, Centene announced a settlement agreement with Amerigroup Corporation associated with the sale of our New Jersey health plan. Pursuant to the settlement agreement, the parties will move forward with the transaction, which is subject to regulatory approval and expected to be completed in the first quarter of 2010.
- In August 2009, Jason Harrold, president and CEO of OptiCare Managed Vision, Inc. was appointed to Senior Vice President of Centene's Specialty Business Unit. Mr. Harrold assumed the leadership role over

the specialty companies previously held by William Scheffel.
 -- On October 26, 2009 our Board of Directors approved an extension of our stock repurchase program.

Michael F. Neidorff, Centene's Chairman and Chief Executive Officer, stated, "We are pleased with the ability of our team to deliver solid results across Centene's products and markets in a challenging economic environment."

The following table depicts membership in Centene's managed care organizations, by state, at September 30, 2009 and 2008:

| | September 30, | |
|--------------------------|---------------|-----------|
| | 2009 | 2008 |
| Arizona | 17,400 | -- |
| Florida | 84,400 | -- |
| Georgia | 303,400 | 283,900 |
| Indiana | 200,700 | 172,400 |
| Massachusetts | 500 | -- |
| Ohio | 151,200 | 132,500 |
| South Carolina | 46,100 | 26,600 |
| Texas | 450,200 | 433,200 |
| Wisconsin | 132,500 | 122,500 |
| Total at-risk membership | 1,386,400 | 1,171,100 |
| Non-risk membership | 63,200* | 3,700 |
| Total | 1,449,600 | 1,174,800 |

* Increase mainly due to consolidation of our Access Health Solutions LLC investment, effective January 1, 2009.

The following table depicts membership in Centene's managed care organizations, by member category, at September 30, 2009 and 2008:

| | September 30, | |
|--------------------|---------------|---------|
| | 2009 | 2008 |
| Medicaid | 1,040,500 | 850,500 |
| CHIP & Foster Care | 263,400 | 261,800 |

| | | |
|--------------------------|-----------|-----------|
| ABD & Medicare | 82,500 | 58,800 |
| Total at-risk membership | 1,386,400 | 1,171,100 |
| Non-risk membership | 63,200 | 3,700 |
| Total | 1,449,600 | 1,174,800 |

Statement of Operations

- For the third quarter of 2009, Premium and Service Revenues increased 18.1% to \$987.3 million from \$835.7 million in the third quarter of 2008. The increase was primarily driven by premium rate increases and membership growth in all states, including the commencement of our Arizona acute care contract in October 2008, the consolidation of Access and conversion of members to our at-risk plan in Florida.
- The consolidated HBR, which reflects medical costs as a percent of premium revenues, was 83.7%. A reconciliation of the change in HBR from the prior year same period and from the immediately preceding quarter is presented below:

| Q3:2009 vs. Q3:2008 | | Q3:2009 vs. Q2:2009 | |
|---|--------|---|--------|
| Third Quarter 2008 | 82.2 % | Second Quarter 2009 | 83.1 % |
| Decrease in Texas CHIP/Perinate rates | 1.0 | New markets reserved at higher rates | 0.1 |
| Impact of additional costs related to the flu | 0.5 | Impact of additional costs related to the flu | 0.3 |
| Pass-through payments | 0.1 | Pass-through payments | 0.1 |
| Net change in other markets | (0.1) | Net change in other markets | 0.1 |
| Third Quarter 2009 | 83.7 % | Third Quarter 2009 | 83.7 % |

The increase in the third quarter of 2009 over the comparable period in 2008 was due to the March 1, 2009 rate decrease for our CHIP/Perinate product in Texas which brought the HBR more in line with our normal range and the impact of additional costs related to the flu. We also experienced improvements in our ABD product, particularly in Ohio, which was mostly offset by the impact of changes in rates and benefit structures in other markets. Sequentially, the increase in the HBR reflects the impact of additional costs related to the flu along with the effect of reserving at higher rates for new markets and receiving pass-through payments which increase the HBR ratio.

- Consolidated G&A expense as a percent of premium and service revenues was 13.2% in the third quarter of 2009, a decrease from 14.2% in the third quarter of 2008. The reduction in the G&A ratio between years reflects improved leveraging of our costs over a higher revenue base and the impact of additional revenue from new business (Arizona Acute Care,

- Florida and South Carolina).
- Earnings per diluted share from continuing operations were \$0.51, compared to \$0.41 in the third quarter of 2008. Earnings per diluted share in 2008 included a \$0.06 loss on investments from the Primary Reserve fund.

Balance Sheet and Cash Flow

At September 30, 2009, the Company had cash and investments of \$939.0 million, including \$911.4 million held by its regulated entities and \$27.6 million held by its unregulated entities. Medical claims liabilities totaled \$411.0 million, representing 47.1 days in claims payable, a decrease of 0.4 days from June 30, 2009. Total debt was \$277.3 million and debt to capitalization was 31.9%. Year to date cash flow from operations was \$177.0 million.

A reconciliation of the Company's change in days in claims payable from the immediately preceding quarter-end is presented below:

| | |
|--|-------|
| Days in claims payable, June 30, 2009 | 47.5 |
| Payment of annual provider bonuses | (0.7) |
| Impact of Florida expansion | 0.3 |
| Days in claims payable, September 30, 2009 | 47.1 |

Outlook

The table below depicts the Company's annual guidance from continuing operations for 2009:

| | Full Year 2009 | |
|--|----------------|----------|
| | Low | High |
| Premium and Service revenues (in millions) | \$ 3,850 | \$ 3,900 |
| Earnings per diluted share | \$ 1.91 | \$ 1.97 |

Stock Repurchase Authorization

On October 26, 2009, the Company's Board of Directors extended the Company's stock repurchase program. The program authorizes the repurchase of up to 4,000,000 shares of the Company's common stock from time to time on the open market or through privately negotiated transactions. No duration has been placed on the repurchase program and we reserve the right to discontinue the repurchase program at any time.

Conference Call

As previously announced, the Company will host a conference call Tuesday, October 27, 2009, at 8:30 A.M. (Eastern Time) to review the financial results for the second quarter ended September 30, 2009, and to discuss its business outlook. Michael F. Neidorff and William N. Scheffel will host the conference call. Investors and other interested parties are invited to listen to the conference call by dialing 800-273-1254 in the U.S. and Canada, 973-638-3440 from abroad, or via a live Internet broadcast on the Company's website at www.centene.com, under the Investor Relations section. A replay will be available for on-demand listening shortly after the completion of the call until 11:59 PM (Eastern Time) on Tuesday, November 10, 2009, at the aforementioned URL, or by dialing 800-642-1687 in the U.S. and Canada, or 706-645-9291 from abroad, and entering access code 30957978.

About Centene Corporation

Centene Corporation is a leading multi-line healthcare enterprise that provides programs and related services to individuals receiving benefits under Medicaid, including the Children's Health Insurance Program (CHIP), as well as Aged, Blind, or Disabled (ABD), Foster Care, Long-Term Care and Medicare (Special Needs Plans). The Company operates local health plans and offers a wide range of health insurance solutions to individuals and the rising number of uninsured Americans. It also contracts with other healthcare and commercial organizations to provide specialty services including behavioral health, life and health management, managed vision, telehealth services, pharmacy benefits management and medication adherence. Information regarding Centene is available via the Internet at www.centene.com.

The information provided in this press release contains forward-looking statements that relate to future events and future financial performance of Centene. Subsequent events and developments may cause the Company's estimates to change. The Company disclaims any obligation to update this forward-looking financial information in the future. Readers are cautioned that matters subject to forward-looking statements involve known and unknown risks and uncertainties, including economic, regulatory, competitive and other factors that may cause Centene's or its industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Actual results may differ from projections or estimates due to a variety of important factors, including Centene's ability to accurately predict and effectively manage health benefits and other operating expenses, competition, changes in healthcare practices, changes in federal or state laws or regulations, inflation, provider contract changes, new technologies, reduction in provider payments by governmental payors, major epidemics, disasters and numerous other factors affecting the delivery and cost of healthcare. The expiration, cancellation or suspension of Centene's Medicaid Managed Care contracts by state governments would also negatively affect Centene.

[Tables Follow]

CENTENE CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In thousands, except share data)

(Unaudited)

September 30, December 31,

| | 2009 | 2008 |
|--|--------------|--------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents of continuing operations | \$ 389,135 | \$ 370,999 |
| Cash and cash equivalents of discontinued operations | 4,847 | 8,100 |
| Total cash and cash equivalents | 393,982 | 379,099 |
| Premium and related receivables, net of allowance for uncollectible accounts of \$19 and \$595, respectively | 104,798 | 92,531 |
| Short-term investments, at fair value (amortized cost \$45,332 and \$108,469, respectively) | 45,692 | 109,393 |
| Other current assets | 61,294 | 75,333 |
| Current assets of discontinued operations other than cash | 8,292 | 9,987 |
| Total current assets | 614,058 | 666,343 |
| Long-term investments, at fair value (amortized cost \$475,078 and \$329,330, respectively) | 486,889 | 332,411 |
| Restricted deposits, at fair value (amortized cost \$17,177 and \$9,124, respectively) | 17,286 | 9,254 |
| Property, software and equipment, net of accumulated depreciation of \$96,314 and \$74,194, respectively | 209,920 | 175,858 |
| Goodwill | 219,100 | 163,380 |
| Intangible assets, net | 23,454 | 17,575 |
| Other long-term assets | 37,100 | 59,083 |
| Long-term assets of discontinued operations | 27,207 | 27,248 |
| Total assets | \$ 1,635,014 | \$ 1,451,152 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Medical claims liability | \$ 410,997 | \$ 373,037 |
| Accounts payable and accrued expenses | 204,411 | 219,566 |
| Unearned revenue | 68,024 | 17,107 |
| Current portion of long-term debt | 645 | 255 |
| Current liabilities of discontinued operations | 23,846 | 31,013 |

| | | |
|--|--------------|--------------|
| Total current liabilities | 707,923 | 640,978 |
| Long-term debt | 276,687 | 264,637 |
| Other long-term liabilities | 55,992 | 43,539 |
| Long-term liabilities of discontinued operations | 1,155 | 726 |
| Total liabilities | 1,041,757 | 949,880 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Common stock, \$.001 par value; authorized 100,000,000 shares; issued and outstanding 45,402,369 and 45,071,179 shares, respectively | 45 | 45 |
| Additional paid-in capital | 277,709 | 263,835 |
| Accumulated other comprehensive income: | | |
| Unrealized gain on investments, net of tax | 7,812 | 3,152 |
| Retained earnings | 335,192 | 275,236 |
| Treasury stock, at cost (2,373,893 and 2,083,415 shares, respectively) | (46,497) | (40,996) |
| Total Centene stockholders' equity | 574,261 | 501,272 |
| Noncontrolling interest | 18,996 | -- |
| Total stockholders' equity | 593,257 | 501,272 |
| Total liabilities and stockholders' equity | \$ 1,635,014 | \$ 1,451,152 |

CENTENE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except share data)
(Unaudited)

| | Three Months Ended | | Nine Months Ended | |
|-----------|--------------------|------------|-------------------|--------------|
| | September 30, | | September 30, | |
| | 2009 | 2008 | 2009 | 2008 |
| Revenues: | | | | |
| Premium | \$ 960,009 | \$ 817,740 | \$ 2,754,713 | \$ 2,338,550 |
| Service | 27,300 | 17,962 | 72,740 | 56,958 |

| | | | | |
|--|-----------|----------|-----------|-----------|
| Premium and service revenues | 987,309 | 835,702 | 2,827,453 | 2,395,508 |
| Premium tax | 50,925 | 22,897 | 182,685 | 66,249 |
| Total revenues | 1,038,234 | 858,599 | 3,010,138 | 2,461,757 |
| Expenses: | | | | |
| Medical costs | 803,062 | 671,920 | 2,298,108 | 1,932,172 |
| Cost of services | 15,843 | 12,854 | 46,364 | 43,467 |
| General and administrative expenses | 130,024 | 118,628 | 381,524 | 323,391 |
| Premium tax | 51,295 | 23,284 | 183,785 | 66,636 |
| Total operating expenses | 1,000,224 | 826,686 | 2,909,781 | 2,365,666 |
| Earnings from operations | 38,010 | 31,913 | 100,357 | 96,091 |
| Other income (expense): | | | | |
| Investment and other income | 3,750 | 2,708 | 11,781 | 15,724 |
| Interest expense | (4,064) | (4,377) | (12,210) | (12,436) |
| Earnings from continuing operations, before income tax expense | 37,696 | 30,244 | 99,928 | 99,379 |
| Income tax expense | 12,426 | 12,145 | 35,060 | 38,464 |
| Earnings from continuing operations, net of income tax expense | 25,270 | 18,099 | 64,868 | 60,915 |
| Discontinued operations, net of income tax (benefit) expense of \$ (1,460), \$242, \$ (1,148) and \$390, respectively | | | | |
| Net earnings | 23,810 | 18,248 | 62,474 | 62,074 |
| Noncontrolling interest | 2,542 | | 2,518 | |

| | | | | |
|--|-----------|-----------|-----------|-----------|
| Net earnings attributable to Centene Corporation | \$ 21,268 | \$ 18,248 | \$ 59,956 | \$ 62,074 |
|--|-----------|-----------|-----------|-----------|

Amounts attributable to Centene Corporation common shareholders:

| | | | | |
|--|-----------|-----------|-----------|-----------|
| Earnings from continuing operations, net of income tax expense | \$ 22,728 | \$ 18,099 | \$ 62,350 | \$ 60,915 |
|--|-----------|-----------|-----------|-----------|

| | | | | |
|--|----------|-----|----------|-------|
| Discontinued operations, net of income tax expense (benefit) | (1,460) | 149 | (2,394) | 1,159 |
|--|----------|-----|----------|-------|

| | | | | |
|--------------|-----------|-----------|-----------|-----------|
| Net earnings | \$ 21,268 | \$ 18,248 | \$ 59,956 | \$ 62,074 |
|--------------|-----------|-----------|-----------|-----------|

Net earnings (loss) per share attributable to Centene Corporation:

Basic:

| | | | | |
|-----------------------|---------|---------|---------|---------|
| Continuing operations | \$ 0.53 | \$ 0.42 | \$ 1.45 | \$ 1.40 |
|-----------------------|---------|---------|---------|---------|

| | | | | |
|-------------------------|---------|--|---------|------|
| Discontinued operations | (0.04) | | (0.06) | 0.03 |
|-------------------------|---------|--|---------|------|

| | | | | |
|---------------------------|---------|---------|---------|---------|
| Earnings per common share | \$ 0.49 | \$ 0.42 | \$ 1.39 | \$ 1.43 |
|---------------------------|---------|---------|---------|---------|

Diluted:

| | | | | |
|-----------------------|---------|---------|---------|---------|
| Continuing operations | \$ 0.51 | \$ 0.41 | \$ 1.41 | \$ 1.37 |
|-----------------------|---------|---------|---------|---------|

| | | | | |
|-------------------------|---------|--|---------|------|
| Discontinued operations | (0.03) | | (0.05) | 0.02 |
|-------------------------|---------|--|---------|------|

| | | | | |
|---------------------------|---------|---------|---------|---------|
| Earnings per common share | \$ 0.48 | \$ 0.41 | \$ 1.36 | \$ 1.39 |
|---------------------------|---------|---------|---------|---------|

Weighted average number of shares outstanding:

| | | | | |
|-------|------------|------------|------------|------------|
| Basic | 43,001,870 | 43,232,941 | 43,023,431 | 43,381,819 |
|-------|------------|------------|------------|------------|

| | | | | |
|---------|------------|------------|------------|------------|
| Diluted | 44,291,604 | 44,530,347 | 44,247,153 | 44,541,424 |
|---------|------------|------------|------------|------------|

CENTENE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

| | Nine Months Ended September 30, | |
|---|---------------------------------|------------|
| | 2009 | 2008 |
| Cash flows from operating activities: | | |
| Net earnings | \$ 62,474 | \$ 62,074 |
| Adjustments to reconcile net earnings to net cash provided by operating activities | | |
| Depreciation and amortization | 30,800 | 26,018 |
| Stock compensation expense | 11,428 | 11,576 |
| Loss on sale of investments, net | 261 | 4,923 |
| Deferred income taxes | 4,516 | 13,987 |
| Changes in assets and liabilities -- | | |
| Premium and related receivables | (381) | (50,797) |
| Other current assets | (2,595) | (6,422) |
| Other assets | (593) | (713) |
| Medical claims liabilities | 31,612 | 28,109 |
| Unearned revenue | 54,725 | (37,931) |
| Accounts payable and accrued expenses | (17,656) | 74,723 |
| Other operating activities | 2,386 | 967 |
| Net cash provided by operating activities | 176,977 | 126,514 |
| Cash flows from investing activities: | | |
| Capital expenditures | (42,696) | (52,588) |
| Purchases of investments | (647,086) | (372,221) |
| Sales and maturities of investments | 546,640 | 356,367 |
| Investments in acquisitions, net of cash acquired, and investment in equity method investee | (31,533) | (83,509) |
| Net cash used in investing activities | (174,675) | (151,951) |

Cash flows from financing activities:

| | | |
|---|------------|------------|
| Proceeds from exercise of stock options | 1,717 | 4,770 |
| Proceeds from borrowings | 468,500 | 152,005 |
| Payment of long-term debt | (456,059) | (109,410) |
| Distributions to noncontrolling interest | (3,171) | |
| Contribution from noncontrolling interest | 7,495 | |
| Excess tax benefits from stock compensation | 43 | 3,016 |
| Common stock repurchases | (5,539) | (18,244) |
| Debt issue costs | (405) | |
| Net cash provided by financing activities | 12,581 | 32,137 |
| Net increase in cash and cash equivalents | 14,883 | 6,700 |
| Cash and cash equivalents, beginning of period | 379,099 | 268,584 |
| Cash and cash equivalents, end of period | \$ 393,982 | \$ 275,284 |
| Supplemental disclosures of cash flow information: | | |
| Interest paid | \$ 8,556 | \$ 8,467 |
| Income taxes paid | \$ 43,308 | \$ 28,370 |
| Supplemental disclosure of non-cash investing and financing activities: | | |
| Contribution from noncontrolling interest | \$ 5,491 | \$ |

CENTENE CORPORATION

CONTINUING OPERATIONS SUPPLEMENTAL FINANCIAL DATA

| | Q3 | Q2 | Q1 | Q4 | Q3 |
|---------------|---------|---------|---------|---------|---------|
| | 2009 | 2009 | 2009 | 2008 | 2008 |
| MEMBERSHIP | | | | | |
| Managed Care: | | | | | |
| Arizona | 17,400 | 16,200 | 15,500 | 14,900 | -- |
| Florida | 84,400 | 22,300 | 29,100 | -- | -- |
| Georgia | 303,400 | 292,800 | 289,300 | 288,300 | 283,900 |
| Indiana | 200,700 | 196,100 | 179,100 | 175,300 | 172,400 |

| | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|
| Massachusetts | 500 | -- | -- | -- | -- |
| Ohio | 151,200 | 141,200 | 137,000 | 133,400 | 132,500 |
| South Carolina | 46,100 | 46,000 | 48,500 | 31,300 | 26,600 |
| Texas | 450,200 | 443,200 | 421,100 | 428,000 | 433,200 |
| Wisconsin | 132,500 | 131,200 | 127,700 | 124,800 | 122,500 |
| Total at-risk membership | 1,386,400 | 1,289,000 | 1,247,300 | 1,196,000 | 1,171,100 |
| Non-risk membership | 63,200 | 114,000 | 96,000 | 3,700 | 3,700 |
| TOTAL | 1,449,600 | 1,403,000 | 1,343,300 | 1,199,700 | 1,174,800 |
| Medicaid | 1,040,500 | 958,600 | 921,100 | 877,400 | 850,500 |
| CHIP & Foster Care | 263,400 | 261,400 | 256,900 | 257,300 | 261,800 |
| ABD & Medicare | 82,500 | 69,000 | 69,300 | 61,300 | 58,800 |
| Total at-risk membership | 1,386,400 | 1,289,000 | 1,247,300 | 1,196,000 | 1,171,100 |
| Non-risk membership | 63,200 | 114,000 | 96,000 | 3,700 | 3,700 |
| TOTAL | 1,449,600 | 1,403,000 | 1,343,300 | 1,199,700 | 1,174,800 |
| Specialty Services(a) : | | | | | |
| Cenpatico Behavioral Health | | | | | |
| Arizona | 117,300 | 110,500 | 104,700 | 105,000 | 102,400 |
| Kansas | 41,000 | 41,100 | 40,600 | 41,100 | 40,100 |
| Bridgeway Health Solutions | | | | | |
| Long-term Care | 2,500 | 2,400 | 2,300 | 2,100 | 1,900 |
| TOTAL | 160,800 | 154,000 | 147,600 | 148,200 | 144,400 |
| (a) Includes external membership only. | | | | | |
| REVENUE PER MEMBER (b) | \$ 222.77 | \$ 219.75 | \$ 220.29 | \$ 218.52 | \$ 213.28 |
| CLAIMS (b) | | | | | |
| Period-end inventory | 414,900 | 362,200 | 325,000 | 269,300 | 323,200 |
| Average inventory | 227,100 | 234,500 | 267,600 | 288,600 | 298,400 |

| | | | | | |
|---------------------------------|------|------|------|------|------|
| Period-end inventory per member | 0.30 | 0.28 | 0.26 | 0.23 | 0.28 |
|---------------------------------|------|------|------|------|------|

(b) Revenue per member and claims information are presented for the Managed Care at-risk members.

| | Q3 | Q2 | Q1 | Q4 | Q3 |
|----------------------------|------|------|------|------|------|
| | 2009 | 2009 | 2009 | 2008 | 2008 |
| DAYS IN CLAIMS PAYABLE (c) | 47.1 | 47.5 | 45.3 | 48.5 | 47.9 |

(c) Days in Claims Payable is a calculation of Medical Claims Liabilities at the end of the period divided by average claims expense per calendar day for such period.

CASH AND INVESTMENTS (in millions)

| | | | | | | |
|----------------------------|----------|----------|----------|----------|----------|---|
| Regulated | \$ 911.4 | \$ 825.8 | \$ 816.8 | \$ 798.0 | \$ 692.6 | |
| Unregulated | 27.6 | 27.0 | 28.9 | 24.1 | 26.8 | |
| TOTAL | \$ 939.0 | \$ 852.8 | \$ 845.7 | \$ 822.1 | \$ 719.4 | |
| DEBT TO CAPITALIZATION (d) | 31.9 | % 33.0 | % 34.6 | % 34.6% | 34.4 | % |

(d) Debt to Capitalization is calculated as follows: total debt divided by (total debt + total equity).

OPERATING RATIOS:

| | Three Months Ended | | Nine Months Ended | |
|--|--------------------|--------|-------------------|--------|
| | September 30, | | September 30, | |
| | 2009 | 2008 | 2009 | 2008 |
| Health Benefits Ratios: | | | | |
| Medicaid and CHIP | 84.7 % | 81.3 % | 84.4 % | 80.7 % |
| ABD and Medicare | 81.1 | 88.1 | 81.7 | 91.4 |
| Specialty Services | 80.5 | 79.9 | 79.6 | 82.9 |
| Total | 83.7 | 82.2 | 83.4 | 82.6 |
| General & Administrative Expense Ratio | 13.2 % | 14.2 % | 13.5 % | 13.5 % |

MEDICAL CLAIMS LIABILITY (In thousands)

Four rolling quarters of the changes in medical claims liability are summarized as follows:

| | |
|-----------------------------|------------|
| Balance, September 30, 2008 | \$ 349,502 |
| Acquisitions | -- |
| Incurred related to: | |
| Current period | 3,051,905 |
| Prior period | (45,634) |
| Total incurred | 3,006,271 |
| Paid related to: | |
| Current period | 2,654,707 |
| Prior period | 290,069 |
| Total paid | 2,944,776 |
| Balance, September 30, 2009 | \$ 410,997 |

Centene's claims reserving process utilizes a consistent actuarial methodology to estimate Centene's ultimate liability. Any reduction in the "Incurred related to: Prior period" amount may be offset as Centene actuarially determines "Incurred related to: Current period." As such, only in the absence of a consistent reserving methodology would favorable development of prior period claims liability estimates reduce medical costs. Centene believes it has consistently applied its claims reserving methodology in each of the periods presented.

The amount of the "Incurred related to: Prior period" above includes the effects of reserving under moderately adverse conditions, new markets where we use a conservative approach in setting reserves during the initial periods of operations, increased receipts from other third party payors related to coordination of benefits and lower medical utilization and cost trends for dates of service prior to September 30, 2008.

Source: Centene Corporation