UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2022

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number: 001-31826

Centene Corporation

(Exact name of registrant as specified in its charter)

Delaware		**42-1406317**
(State or other jurisdiction of incorporation or organization)		**(I.R.S. Employer Identification Number)**
7700 Forsyth Boulevard		
St. Louis,	**Missouri**	**63105**
(Address of principal executive offices)		**(Zip Code)**

Registrant's telephone number, including area code: (314) 725-4477

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Trading Symbol(s)**	**Name of Each Exchange on Which Registered**
Common Stock, $0.001 Par Value	**CNC**	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act:

None

(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statement of the registrant included in the filing reflect the correction of an error to the previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b) ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting and non-voting common equity held by non-affiliates of the registrant, based upon the last reported sale price of the common stock on the New York Stock Exchange on June 30, 2022, was $49.2 billion.

As of February 17, 2023, the registrant had 551,264,559 shares of common stock issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Proxy Statement for the registrant's 2023 annual meeting of stockholders are incorporated by reference in Part III, Items 10, 11, 12, 13 and 14.

CENTENE CORPORATION
ANNUAL REPORT ON FORM 10-K
TABLE OF CONTENTS

CAUTIONARY STATEMENT ON FORWARD-LOOKING STATEMENTS

All statements, other than statements of current or historical fact, contained in this filing are forward-looking statements. Without limiting the foregoing, forward-looking statements often use words such as "believe," "anticipate," "plan," "expect," "estimate," "intend," "seek," "target," "goal," "may," "will," "would," "could," "should," "can," "continue," and other similar words or expressions (and the negative thereof). Centene Corporation and its subsidiaries (Centene, the Company, our or we) intends such forward-looking statements to be covered by the safe-harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and we are including this statement for purposes of complying with these safe-harbor provisions. In particular, these statements include, without limitation, statements about our future operating or financial performance, market opportunity, value creation strategy, competition, expected activities in connection with completed and future acquisitions and dispositions, our investments, and the adequacy of our available cash resources. These statements may be found in the various sections of this filing, such as Part I, Item 1. "Business," Part I, Item IA "Risk Factors," Part I, Item 3. "Legal Proceedings," and Part II, Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations."

These forward-looking statements reflect our current views with respect to future events and are based on numerous assumptions and assessments made by us in light of our experience and perception of historical trends, current conditions, business strategies, operating environments, future developments, and other factors we believe appropriate. By their nature, forward-looking statements involve known and unknown risks and uncertainties and are subject to change because they relate to events and depend on circumstances that will occur in the future, including economic, regulatory, competitive, and other factors that may cause our or our 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. These statements are not guarantees of future performance and are subject to risks, uncertainties, and assumptions.

All forward-looking statements included in this filing are based on information available to us on the date of this filing. Except as may be otherwise required by law, we undertake no obligation to update or revise the forward-looking statements included in this filing, whether as a result of new information, future events, or otherwise, after the date of this filing. You should not place undue reliance on any forward-looking statements, as actual results may differ materially from projections, estimates, or other forward-looking statements due to a variety of important factors, variables, and events including, but not limited to:

- our ability to design and price products that are competitive and/or actuarially sound including but not limited to any impacts resulting from Medicaid redeterminations;
- our ability to maintain or achieve improvement in the Centers for Medicare and Medicaid Services (CMS) Star ratings and maintain or achieve improvement in other quality scores in each case that can impact revenue and future growth;
- our ability to accurately predict and effectively manage health benefits and other operating expenses and reserves, including fluctuations in medical utilization rates;
- competition, including our ability to reprocure our contracts and grow organically;
- the timing and extent of benefits from our value creation strategy, including the possibility that the benefits received may be lower than expected, may not occur, or will not be realized within the expected time periods;
- disruption, unexpected costs, or similar risks from business transactions, including acquisitions, divestitures, and changes in our relationships with third parties;
- impairments to real estate, investments, goodwill, and intangible assets;
- the risk that the election of new directors, changes in senior management, and any inability to retain key personnel may create uncertainty or negatively impact our ability to execute quickly and effectively;
- membership and revenue declines or unexpected trends;
- rate cuts or other payment reductions or delays by governmental payors and other risks and uncertainties affecting our government businesses;
- changes in healthcare practices, new technologies, and advances in medicine;
- increased healthcare costs;
- inflation;
- changes in economic, political, or market conditions;
- changes in federal or state laws or regulations, including changes with respect to income tax reform or government healthcare programs as well as changes with respect to the Patient Protection and Affordable Care Act and the Health Care and Education Affordability Reconciliation Act (collectively referred to as the ACA) and any regulations enacted thereunder;
- tax matters;
- disasters or major epidemics;

- changes in expected contract start dates;
- provider, state, federal, foreign, and other contract changes and timing of regulatory approval of contracts;
- the expiration, suspension, or termination of our contracts with federal or state governments (including, but not limited to, Medicaid, Medicare, TRICARE, or other customers);
- the difficulty of predicting the timing or outcome of legal or regulatory proceedings or matters, including, but not limited to, our ability to resolve claims and/or allegations made by states with regard to past practices, including at Centene Pharmacy Services (formerly Envolve Pharmacy Solutions, Inc. (Envolve)), as our pharmacy benefits manager (PBM) subsidiary, within the reserve estimate we previously recorded and on other acceptable terms, or at all, or whether additional claims, reviews or investigations will be brought by states, the federal government or shareholder litigants, or government investigations;
- challenges to our contract awards;
- cyber-attacks or other privacy or data security incidents;
- the exertion of management's time and our resources, and other expenses incurred and business changes required in connection with complying with the undertakings in connection with any regulatory, governmental, or third party consents or approvals for acquisitions or dispositions;
- any changes in expected closing dates, estimated purchase price, and accretion for acquisitions or dispositions;
- restrictions and limitations in connection with our indebtedness;
- a downgrade of the credit rating of our indebtedness;
- the availability of debt and equity financing on terms that are favorable to us; and
- foreign currency fluctuations.

This list of important factors is not intended to be exhaustive. We discuss certain of these matters more fully, as well as certain other factors that may affect our business operations, financial condition, and results of operations, in our filings with the Securities and Exchange Commission (SEC), including our annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K. Due to these important factors and risks, we cannot give assurances with respect to our future performance, including without limitation our ability to maintain adequate premium levels or our ability to control our future medical and selling, general and administrative costs.

SUMMARY OF RISK FACTORS

Our business is subject to numerous risks and uncertainties that you should be aware of in evaluating our business, including risks that may prevent us from achieving our business objectives or may adversely affect our business, financial condition, results of operations, cash flows, and prospects. These risks include, but are not limited to, the following, all of which are more fully described in Part 1, Item 1A "Risk Factors". This summary should be read in conjunction with the Risk Factors section and should not be relied upon as an exhaustive summary of the material risks facing our business.

- Failure to accurately estimate and price our medical expenses or effectively manage our medical costs or related administrative costs could have a material adverse effect on our business;
- Our Medicare programs are subject to a variety of unique risks that could adversely impact our financial results;
- Risk-adjustment payment systems make our revenue and results of operations more difficult to estimate and could result in retroactive adjustments that have a material adverse effect on our business;
- Any failure to adequately price products offered or any reduction in products offered for Medicare Advantage and in the Health Insurance Marketplace may have a material adverse effect on our business;
- We derive a portion of our cash flow and gross margin from our prescription drug plan (PDP) operations, for which we submit annual bids for participation. The results of our bids could have a material adverse effect on our business;
- Our encounter data may be inaccurate or incomplete, which could have a material adverse effect on our business and ability to bid for, and continue to participate in, certain programs;
- If we are not successful in procuring new government contracts or renewing existing government contracts, or if we receive an adverse finding or review resulting from an audit or investigation, our business may be adversely affected;
- Our business could be materially adversely affected by the effects of widespread public health pandemics, such as COVID-19;
- Ineffectiveness of state-operated systems and subcontractors could adversely affect our business;
- Execution of our value creation strategy may create disruptions in our business;
- If state regulators do not approve payments of dividends and distributions by our subsidiaries to us, we may not have sufficient funds to implement our business strategy;
- We derive a significant portion of our premium revenues from operations in a number of states, and our business could be materially affected by a decrease in premium revenues or profitability in any one of those states;
- Competition may limit our ability to increase penetration of the markets that we serve;
- If we are unable to maintain relationships with our provider networks, our profitability may be harmed;
- If we or our third-party vendors are unable to integrate and manage information systems effectively, our operations could be disrupted;
- A failure in or breach of our operational or security systems or infrastructure, or those of third parties with which we do business, including as a result of cyber-attacks, could have a material adverse effect on our business;
- We may be unable to attract, retain or effectively manage the succession of key personnel;
- An impairment charge with respect to our real estate portfolio, recorded goodwill, and intangible assets could have a material impact on our results of operations;
- Reductions in funding, changes to eligibility requirements for government-sponsored healthcare programs in which we participate, and any inability on our part to effectively adapt to changes to these programs could have a material adverse effect on our business;
- Significant changes or judicial challenges to the ACA could materially and adversely affect our business;
- Our business activities are highly regulated and new laws or regulations or changes in existing laws or regulations or their enforcement or application could force us to change how we operate and could harm our business;
- Our pharmacy services face regulatory and other risks and uncertainties which could materially and adversely affect our business;
- We have been and may from time to time become involved in costly and time-consuming litigation and other regulatory proceedings, which require significant attention from our management and could adversely affect our business;
- If we fail to comply with applicable privacy, security, and data laws, regulations, and standards, including with respect to third-party service providers that utilize sensitive personal information on our behalf, our business could be materially and adversely affected;
- If we fail to comply with the extensive federal and state fraud, waste and abuse laws, our business could be materially and adversely affected;
- We might be adversely impacted by tax legislation or challenges to our tax positions;
- Our investment portfolio may suffer losses which could materially and adversely affect our results of operations or liquidity;

- Adverse credit market conditions may have a material adverse effect on our liquidity or our ability to obtain credit on acceptable terms;
- We have substantial indebtedness outstanding and may incur additional indebtedness in the future. Such indebtedness could reduce our agility and may adversely affect our financial condition;
- Phasing out of London Interbank Offered Rate (LIBOR) may increase our interest expense or affect the value of the financial obligations to be held or issued by us that are linked to LIBOR, which may adversely affect our financial condition;
- Mergers and acquisitions may not perform as expected and we may not realize the savings expected from divestitures, which may cause the market price of our common stock to decline;
- We may be unable to successfully integrate our existing business with acquired businesses and realize the anticipated benefits of such acquisitions; and
- Our business and results of operations may be materially adversely affected if we fail to manage and complete divestitures.

Non-GAAP Financial Presentation

The Company is providing certain non-GAAP financial measures in this report as the Company believes that these figures are helpful in allowing investors to more accurately assess the ongoing nature of the Company's operations and measure the Company's performance more consistently across periods. The Company uses the presented non-GAAP financial measures internally in evaluating the Company's performance and for planning purposes, by allowing management to focus on period-to-period changes in the Company's core business operations, and in determining employee incentive compensation. Therefore, the Company believes that this information is meaningful in addition to the information contained in the GAAP presentation of financial information. The presentation of this additional non-GAAP financial information is not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with GAAP.

Specifically, the Company believes the presentation of non-GAAP financial information that excludes amortization of acquired intangible assets and acquisition and divestiture related expenses, as well as other items, allows investors to develop a more meaningful understanding of the Company's core performance over time.

The tables below provide reconciliations of non-GAAP items ($ in millions, except per share data):

	Year Ended December 31,		
	2022	2021	2020
GAAP net earnings attributable to Centene	$ 1,202	$ 1,347	$ 1,808
Amortization of acquired intangible assets	817	770	719
Acquisition and divestiture related expenses	213	185	602
Other adjustments [(1)]	1,540	1,275	29
Income tax effects of adjustments [(2)]	(410)	(537)	(262)
Adjusted net earnings	$ 3,362	$ 3,040	$ 2,896
GAAP diluted earnings per share (EPS) attributable to Centene	$ 2.07	$ 2.28	$ 3.12
Amortization of acquired intangible assets	1.40	1.31	1.24
Acquisition and divestiture related expenses	0.36	0.31	1.04
Other adjustments [(1)]	2.65	2.16	0.05
Income tax effects of adjustments [(2)]	(0.70)	(0.91)	(0.45)
Adjusted Diluted EPS	$ 5.78	$ 5.15	$ 5.00

[(1)] Other adjustments include the following pre-tax items:

2022:

(a) real estate impairments of $1,642 million, or $2.82 per share ($2.08 after-tax); PANTHERx Rare (PANTHERx) divestiture gain of $490 million, or $0.84 per share ($0.65 after-tax); impairments of assets associated with the divestitures of our Spanish and Central European, Centurion, and HealthSmart businesses of $458 million, or $0.78 per share ($0.60 after-tax); Magellan Rx divestiture gain of $269 million, or $0.46 per share ($0.17 after-tax); Health Net Federal Services asset impairment of $233 million, or $0.40 per share ($0.39 after-tax); gain on debt extinguishment of $27 million, or $0.04 per share ($0.03 after-tax); increase to the previously reported gain on the divestiture of U.S. Medical Management (USMM) due to the finalization of working capital adjustments of $13 million, or $0.02 per share ($0.02 after-tax); and costs related to the PBM legal settlement of $6 million, or $0.01 per share ($0.00 after-tax).

2021:

(b) PBM legal settlement expense of $1,264 million, or $2.14 per share ($1.76 after-tax); gain related to the acquisition of the remaining 60% interest of Circle Health of $309 million, or $0.52 per share ($0.52 after-tax); impairment of our equity method investment in RxAdvance of $229 million, or $0.39 per share ($0.32 after-tax); gain related to the divestiture of USMM of $150 million, or $0.25 per share ($0.23 after-tax); debt extinguishment costs of $125 million, or $0.21 per share ($0.16 after-tax); reduction to the previously reported gain on divestiture of certain products of our Illinois health plan of $62 million, or $0.10 per share ($0.08 after-tax); and severance costs due to a restructuring of $54 million, or $0.09 per share ($0.06 after-tax).

2020:

(c) gain related to the divestiture of certain products of our Illinois health plan of $104 million, or $0.18 per share ($0.10 after-tax); impairment of $72 million, or $0.12 per share ($0.10 after-tax); and debt extinguishment costs of $61 million, or $0.11 per share ($0.07 after-tax).

(2) The income tax effects of adjustments are based on the effective income tax rates applicable to each adjustment. In addition, the year ended December 31, 2022, includes tax expense of $107 million, or $0.18 per share, related to the Magellan Specialty Health divestiture and a $15 million, or $0.03 per share, tax benefit related to the RxAdvance impairment.

	Year Ended December 31,		
	2022	**2021**	**2020**
GAAP selling, general and administrative expenses	$ 11,589	$ 9,601	$ 9,380
Less:			
Acquisition and divestiture related expenses	202	157	580
Restructuring costs	—	54	—
Costs related to the PBM legal settlement	6	14	—
Real estate optimization	15	—	—
Adjusted selling, general and administrative expenses	$ 11,366	$ 9,376	$ 8,800

Note: Beginning in 2022, we have included a separate line item for depreciation expense on the Consolidated Statements of Operations, which was previously included in selling, general and administrative (SG&A) expenses. Prior period SG&A expenses have been conformed to the current presentation.

PART I
Item 1. *Business*

OVERVIEW

Our Purpose

Transforming the health of the community, one person at a time.

Focus on the Individual
Empowering people to create and maintain lifelong healthy habits

Whole Health
Delivering a full spectrum of care from physical health to emotional wellness

Active Local Involvement
Helping our neighbors create stronger, healthier communities

Who We Are

Our mission as a leading healthcare enterprise is to help people live healthier lives, with an established expertise in lower-income and medically complex populations. We provide access to high-quality healthcare, innovative programs, and a wide range of health solutions that help families and individuals get well, stay well, and be well. We believe that our local approach enables us to provide accessible, quality, culturally sensitive healthcare coverage to our communities.

We have a competitive advantage being on the ground, enabling us to establish strong relationships with our partners and providing us with first-hand knowledge, which enables us to provide the best possible care to our members. We have a commitment to the communities and people we serve to transform their health at the local level.

Our value creation efforts, initiated in mid-2021, are the foundation of our long-term strategy, focused on making strategic decisions and investments to create additional value in the short-term and to seek opportunities that position the organization for long-term strength, profitability, growth, and innovation. In addition to creating shareholder value, this plan is an ongoing effort to modernize and improve how we work in order to propel our organization to new levels of success and elevate the member and provider experiences.

During 2022, we operated in two segments: Managed Care and Specialty Services. Our Managed Care segment provided health plan coverage to individuals through government subsidized and commercial programs. Our Specialty Services segment included companies offering diversified healthcare services and products to our Managed Care segment and other external customers. For the year ended December 31, 2022, our Managed Care and Specialty Services segments accounted for 93% and 7%, respectively, of our total external revenues. Our membership totaled 27.1 million as of December 31, 2022. For the year ended December 31, 2022, our total revenues and net earnings attributable to Centene were $144.5 billion and $1.2 billion, respectively, and our total cash flow from operations was $6.3 billion.

In early 2023, and in conjunction with our updated strategic plan, executive leadership realignment, and corresponding 2023 divestitures, we have revised the way we manage the business, evaluate performance, and allocate resources, resulting in an updated segment structure comprised of (1) a Medicaid segment, (2) a Medicare segment, (3) a Commercial segment and (4) an Other segment. We will begin reporting under this new segment structure in 2023.

Our initial health plan commenced operations in Wisconsin in 1984. We were organized in Wisconsin in 1993 as a holding company for our initial health plan and reincorporated in Delaware in 2001. Our stock is publicly traded on the New York Stock Exchange under the ticker symbol "CNC."

INDUSTRY

We provide a full spectrum of managed healthcare products and services, primarily through Medicaid, Medicare, and commercial products.

Medicaid

Medicaid is the largest publicly funded program in the United States and provides health insurance to low-income families and individuals with disabilities. Medicaid is funded jointly by federal and state governments, with the majority of funding provided by the federal government and administered by the states. Each state establishes its own eligibility standards, benefit packages, payment rates, and program administration within federal standards. As a result, there are 56 Medicaid programs - one for each U.S. state, each U.S. territory, and the District of Columbia. Eligibility is based on a combination of household income and assets, often determined by an income level relative to the federal poverty level. Many states have selected Medicaid managed care as a means of delivering quality healthcare and controlling costs.

Medicaid helps meet the needs of various populations through the following products and programs:

- The Temporary Assistance for Needy Families (TANF) program covers low-income families with children.
- Medicaid Expansion covers all individuals under age 65 with incomes up to 138% of the federal poverty level, subject to each states' election. The federal government pays 90% of the costs for Medicaid Expansion coverage for these beneficiaries.
- The Aged, Blind, or Disabled (ABD) program covers low-income individuals with chronic physical disabilities or behavioral health impairments. ABD beneficiaries represent a growing portion of all Medicaid recipients and typically utilize more services as a result of their more complicated health status.
- The Children's Health Insurance Program (CHIP) helps to expand coverage primarily to children whose families earn too much to qualify for Medicaid, yet not enough to afford private health insurance. Historically, children have represented the largest eligibility group. Costs are primarily composed of pediatrics and family care, which tend to be more predictable than those associated with other healthcare issues predominantly affecting the adult population.
- Long-Term Services and Supports (LTSS) is a Medicaid product that covers Institutional/Residential Care (Nursing and Intermediate Care Facilities) and Home and Community Based Services (HCBS) for beneficiaries requiring assistance with their activities of daily living. The largest groups receiving LTSS, by spending, are older individuals and individuals with physical disabilities, followed by individuals with intellectual and developmental disabilities, those with serious mental illness and/or serious emotional disturbance, and other populations. States are increasingly turning to managed care as a solution to provide coordinated, holistic care to their LTSS beneficiaries.
- The majority of children in foster care qualify for Medicaid. The federal government has enacted legislation establishing requirements for state child welfare agencies related to the health and well-being of children in foster care, including the provision of grants and technical assistance to enable states to meet these needs and make explicit connections with Medicaid. In addition, under the ACA, former foster care children are eligible for Medicaid until the age of 26, provided that they turned 18 while in foster care and were enrolled in Medicaid at that time.
- A portion of Medicaid beneficiaries are dual-eligible, low-income seniors and people with disabilities who are enrolled in both Medicaid and Medicare. According to the CMS, there were approximately 11.6 million dual-eligible enrollees in 2021. These members may receive assistance from Medicaid for benefits, such as nursing home care, HCBS, and/or assistance with Medicare premiums and cost-sharing depending on their income level. Dual-eligibles use more services due to their tendency to have more chronic health issues. We serve dual-eligibles primarily through our ABD, LTSS, Medicare-Medicaid Plan (MMP), and Medicare Advantage Dual Eligible Special Needs Plan (DSNP) lines of business.

While Medicaid programs have directed funds to many individuals who cannot afford or otherwise maintain health insurance coverage, they did not initially address the inefficient and costly manner in which the Medicaid population tends to access healthcare. Medicaid recipients in non-managed care programs typically have not sought preventive care or routine treatment for chronic conditions, such as asthma and diabetes. Rather, they have sought healthcare in hospital emergency departments, which is typically more expensive. As a result, many states without managed care programs have found that the costs of providing Medicaid benefits have increased while the medical outcomes for the recipients remained unsatisfactory.

Accordingly, in an effort to improve quality of care and lower costs, the majority of states have mandated that their Medicaid recipients enroll in managed care plans and are considering moving to a mandated managed care approach for additional populations and products. CMS estimates the total Medicaid market will grow from $700 billion in 2021 to $1.1 trillion by 2029. Medicaid spending is estimated to have increased by 5.7% in 2022 and is projected to increase at an average annual rate of 5.6% between 2021 and 2030. Based on these trends, we believe a significant market opportunity exists for managed care organizations (MCOs) with operations and programs focused on the distinct socio-economic, cultural, and healthcare needs of the uninsured population and the Medicaid populations.

We are the largest Medicaid health insurer in the country, serving 16 million Medicaid recipients in 29 states as of December 31, 2022.

Medicare

Medicare is the federal health insurance program for people ages 65 and over, which was expanded to cover people under 65 with certain disabilities and people with end-stage renal disease requiring dialysis or kidney transplant. Medicare consists of four parts, labeled A through D. Part A provides hospitalization benefits financed largely through Social Security taxes and requires beneficiaries to pay out-of-pocket deductibles and coinsurance. Part B provides benefits for medically necessary services and supplies including outpatient care, physician services, and home health care. Parts A and B are referred to as Original Medicare.

As an alternative to Original Medicare, beneficiaries may elect to receive their Medicare benefits through Part C, also known as Medicare Advantage. Under Medicare Advantage, MCOs contract with CMS to provide services directly to Medicare beneficiaries as well as through employer and union groups. MCOs typically receive fixed monthly premium per member from CMS that varies based upon the county in which the member resides, demographic factors of the member such as age, gender, and institutionalized status, and the health status of the member. Any benefits that are not covered by Medicare may result in an additional monthly premium charged to the enrollee or through portions of payments received from CMS that may be allocated to these benefits, according to CMS regulations and guidance.

CMS estimates the total Medicare market will grow from $865 billion in 2021 to $1.5 trillion by 2029. Medicare spending is estimated to have increased 7.5% in fiscal 2022 and is projected to increase at an average annual rate of 7.2% between 2021 and 2030. More than half of Medicare eligible members in 2022 were not enrolled in a Medicare Advantage product, representing a notable market opportunity.

As of December 31, 2022, we served 1.5 million Medicare Advantage members across 36 states, primarily under the brand name WellCare, with the highest concentration of lower-income, medically complex members compared to our competitors.

Medicare Prescription Drug Plan

Medicare prescription drug coverage, or Medicare Part D, is a voluntary benefit for Medicare beneficiaries. The Medicare Part D prescription drug benefit is supported by risk sharing with the federal government through risk corridors designed to limit the losses and gains of the participating drug plans and by providing reinsurance for catastrophic drug costs. The government subsidy is based on the national weighted average monthly bid for this coverage, adjusted for risk factor payments. Additional subsidies are provided for dually-eligible beneficiaries and specified low-income beneficiaries.

MCOs contract with CMS to serve as plan sponsors offering stand-alone Medicare Part D PDPs to Medicare-eligible beneficiaries. PDPs offer national in-network prescription drug coverage, including a preferred pharmacy network, subject to limitations in certain circumstances. Unless CMS is notified of non-renewal and the non-renewal is effectuated by not filing a bid on the first Monday in June, Medicare Advantage and PDP contracts with CMS are renewed for successive one-year terms each September. Should CMS decide not to renew a contract, CMS must notify MCOs on or before August 1, and the plan would be terminated effective December 31 of that year.

We offer stand-alone PDPs in 50 states and the District of Columbia, serving 4.2 million members as of December 31, 2022.

Commercial

The ACA created the Health Insurance Marketplace, which is a key component of the ACA and provide an opportunity for individuals and families to obtain health insurance. States have the option of operating their own Marketplace or partnering with the federal government. States choosing neither option default to a federally-facilitated Marketplace. Access to the Marketplace is limited to U.S. citizens and legal immigrants. Insurers are required to offer a minimum level of benefits with coverage that varies based on premiums and out-of-pocket costs.

Premium subsidies, extended through 2025, are provided to individuals and families without access to other coverage and with incomes above 100% of the federal poverty level to make coverage more affordable. Consumers who qualify for subsidies may choose how much of the tax credit to apply to their premiums each month, up to the maximum amount for which they are eligible. The amount of subsidy an enrollee may receive depends on household income and the cost of the second lowest cost silver plan available to enrollees in their local area.

We also offer commercial healthcare products to individuals through large and small employer groups. We offer plans with differing benefit designs and varying levels of co-payments at different premium rates. These plans are offered generally through contracts with participating network physicians, hospitals, and other providers. Coverage typically is subject to copays and can be subject to deductibles and coinsurance. As our commercial members reach their deductibles and out-of-pocket maximums, our medical costs rise, creating seasonality in the business with a higher percentage of earnings in the first half of the year.

We are the largest Marketplace carrier, serving 2.1 million members across 27 states as of December 31, 2022, under the brand name Ambetter Health.

OUR COMPETITIVE STRENGTHS

Our approach is based on the following key competitive strengths:

- *Expertise in Government-Sponsored Programs.* For more than 35 years, we have developed a specialized services expertise that has helped us establish and maintain relationships with members, providers, and our government customers. Our products are tailored to achieve savings for our government customers and are designed to enable our providers to deliver high-quality care to members. Complex populations represent a larger share of our Medicaid portfolio, more than any other payer in the country. As states increasingly look to a managed model for these populations, we believe we will be seen as a must-have partner.

- *Localized Approach with Centralized Support Infrastructure.* We take a localized approach to delivering healthcare. This approach enables us to facilitate member access to high-quality, culturally sensitive healthcare services. Our product designs are tailored to the unique populations in each community and address community-specific challenges through outreach, education, transportation, and other member support activities. We complement this localized approach with a centralized infrastructure. We believe this combined approach enables a culture that protects local agility and innovation while delivering scaled efficiency.

- *Financial Strength and Scale.* We are the largest Medicaid health insurer and Marketplace carrier in the country and our growing Medicare product has the highest concentration of lower-income, medically complex members. In 2022, we had $144.5 billion in revenue and $6.3 billion in operating cash flow. Our strong operating performance, size, and scale allow us to continue to invest in our businesses through technology, strategic acquisitions, and key resources that support our business and enable us to navigate the changing healthcare landscape.

- *Data-Driven Innovation.* Our rich, local data amassed over decades allows us to curate networks of community partners and community resources, identify low-cost, sustainable interventions tailored to our unique populations, and guide high-impact investments into the community. We are investing in scalable innovation and transformation to harness our data. In this way, our data will enable us to transform the health of our communities long-term and deliver value to both members and shareholders.

MANAGED CARE

Benefits to Customers

We feel that our ability to establish and maintain a leadership position in the markets we serve results primarily from our demonstrated success in providing quality care while reducing and managing costs, and from our specialized programs with state governments.

The following are among the benefits we provide to our government partners, providers, and members:

- *Accurate and timely claims payments.* We are committed to ensuring that our information systems and claims payment systems meet or exceed state requirements. We continuously improve our claims processing strategies, expertise, configuration, and tools to achieve operational excellence, including timely payments to our providers.

- *Care management for complex populations.* Through our experience with Medicaid populations and long-time presence in states with experience in long-term care for children and adolescents in the foster care system, we have developed care management, service coordination, and crisis prevention/response programs that improve healthcare outcomes through decreasing preventable emergency department utilization and improving access to primary care and behavioral health intervention. This experience has led to sole source and specialized contracts in Florida, Illinois, Missouri, Texas, and Washington.

- *Commitment to quality and improved health outcomes.* We have implemented programs to encourage effective and transparent collaboration between the member and their provider. We demonstrate this through obtaining health plan accreditations, such as National Committee for Quality Assurance (NCQA), which is a critical step in demonstrating the effectiveness of our structure and processes, clinical quality, and member satisfaction. Additionally, we have launched a multi-year plan to build and improve quality across the enterprise with a strong focus on enhanced patient experience and access to care, which lays the foundation for strong Medicare Star ratings in the future.

- *Community-specific healthcare programs and a focus on addressing health equity.* Our expertise in government-sponsored programs has helped us establish and maintain strong relationships with our constituent communities of members, providers, and federal and state governments. We provide access to services through local providers and staff that focus on the cultural norms of their individual communities. To that end, systems and procedures have been designed to address community-specific challenges, including but not limited to, food insecurity, housing instability, employment, and access to transportation, which contribute to health disparities among underserved and vulnerable populations. We remain focused on identifying and removing social barriers to health in the communities we serve.

- *Data-driven approach to improve health outcomes.* We have employed an investment strategy designed to increase our capability to collect and analyze data and insights. We gather data from multiple sources including medical, vision, and behavioral health claims and encounter data, pharmacy data, dental vendor claims, and authorization data. We use this data to track utilization trends, identify health disparities, monitor quality of care, and evaluate the effectiveness of our programs. Through these analyses, we identify and implement interventions that improve health outcomes, advance health equity and population health, and ensure members receive timely and appropriate services. The value and accuracy in the data we collect is important in demonstrating an auditable program for federal and state agencies.

- *Member programs and services*. Our comprehensive set of programs and services help members achieve whole-person health while supporting the overall goals of the government program. Covered healthcare benefits vary from customer to customer but cover a wide range of services, including transportation assistance, provision of durable medical equipment, behavioral health and substance use disorder services, 24-hour nurse advice line, social work services, and telehealth services.

- *Value-based arrangements.* Our health plans offer a combination of value-based contracting models, including quality incentives and risk arrangements, that address the continuum of whole-person care. We believe value-based collaboration with providers leads to improved health outcomes, reduced costs, and better member and provider experiences.

Providers

For each of our service areas, we establish a provider network consisting of primary and specialty care physicians, hospitals, and ancillary providers. Our network of primary care physicians is a critical component of care delivery, cost optimization, and the attraction and retention of new members. Primary care physicians include family and general practitioners, pediatricians, internal medicine physicians, obstetricians, and gynecologists. Specialty care physicians provide medical care to members generally upon referral by primary care physicians. Specialty care physicians include a wide array of provider types including, but not limited to, orthopedic surgeons, cardiologists, and otolaryngologists. When necessary, we also contract with third-party providers on a negotiated fee arrangement for physical therapy, home healthcare, diagnostic laboratory tests, x-ray examinations, transportation, ambulance services, and durable medical equipment.

Our health plans facilitate access to healthcare services for our members primarily through contracts with our providers. Our contracts with primary and specialty care physicians and hospitals are usually for a term of one to three years and renew automatically for successive one-year terms, but generally are subject to termination by either party upon prior written notice. In the absence of a contract, we typically pay providers at applicable state or federal reimbursement levels, depending on the product (e.g., Medicaid or Medicare). We pay providers under a variety of methods, including fee-for-service, capitation arrangements, and value-based arrangements.

- Under our fee-for-service contracts with providers, we pay a negotiated fee for covered services. This model is characterized as having no financial risk for the provider.

- Under our capitated contracts, providers can be paid a set amount for their services as outlined in their respective provider agreements. A provider group's financial instability or failure to pay secondary providers for services rendered could lead secondary providers to demand payment from us, even though we have made our regular capitated payments to the provider group. Depending on state law and the regulatory environment, it may be necessary for us to pay such claims.

- Under value-based arrangements, providers can be paid under either a capitated or fee-for-service model. The arrangement, however, contains provisions for additional payments to the providers or reimbursement from the providers based on their performance in cost and quality measures. We are committed to value-based contracting, up and downside risk, assigning members to the highest quality providers and capitation. This is done in complete partnership with our providers to increase quality outcomes and overall member satisfaction. We anticipate our membership in up and downside risk arrangements will continue to grow.

The continuum of value-based contracting includes the following models: pay-for-performance, shared savings, shared risk, and full risk. We often start our provider relationships in a pay-for-performance model, in which providers are reimbursed for the fair market value of services provided. Providers benefit from this model as it gives complete transparency and clarity on actions that earn incentives.

We then transition to a risk-sharing model, in which providers are reimbursed based on the total cost of care. As we advance along this continuum, it strengthens our partnerships with our providers, enabling the delivery of high-quality care. We believe having the strongest provider partners who know how to operate well in a value-based model and who can help us drive positive outcomes for our members and good member experience is more important than owning providers, which occurs on an exception basis.

We work with physicians to help them operate efficiently by providing actionable financial and utilization information, physician and patient educational programs, and disease and population health management programs. Our programs are also designed to help physicians coordinate care rendered by other providers.

We believe our local and collaborative approach with physicians and other providers gives us a competitive advantage in entering new markets. Our physicians serve on local committees that assist us in implementing preventive care programs, optimizing costs, and improving the overall quality of care delivered to our members, while also simplifying the administrative burdens on our providers. This approach has enabled us to strengthen our provider networks through improved physician recruitment and retention which, in turn, has helped to increase our membership base.

The following are among the services we provide to support physicians:

- *Provider Engagement Performance Tools and Processes* lead to measurable improvements in quality and health outcomes, healthcare costs, and member satisfaction. High-quality provider support and service levels are important as our key customers are increasingly using performance-based measures to select and pay health plans. We have a suite of network performance tools for use by physicians and other providers which monitor the outcomes and care gaps of their individual patient panels. We meet with the providers to review their performance issues and recommend strategies for improvements in their patient panel outcomes. Our tools also allow the physician and others to see where they stand within their value-based contract.

- *Our Integrated Care Model* is member-centric and managed by one care manager assigned to a member who looks at the care for the member in a holistic manner. This single care manager will coordinate all care for that member including behavioral health, medical health, and home-based primary care in accordance with an individualized, integrated care plan. This care manager also coordinates meetings with the member's integrated care team to assess and alter the care plan as needed. This results in better clinical outcomes and improved member satisfaction.

- *The Provider Portal* delivers claims and eligibility research, prior authorizations, member panels, care gaps, patient analytics, and provider analytics to contracted providers to drive provider engagement and improve patient outcomes. Data and reporting are delivered via a secure, user-friendly web-based provider portal. This is provided through our suite of technology platforms.

Our contracted physicians also benefit from several of the services offered to our members and population health management programs, which assist physicians in managing their patients with chronic diseases.

Quality Management

Quality management represents an integral part of our organization's foundation. Ensuring we continue advancing our mission of achieving better health outcomes for our members has led to recent investments in key initiatives involving people, processes, technology, and partner management.

Through these initiatives, we have:

- brought in key talent to the Company with a focus on individuals who have been successful in driving improvement in other organizations and increased staffing in critical customer-facing areas;

- centralized the oversight of quality programs, including the implementation of real-time operational dashboards, tracking numerous quality key performance metrics;

- invested in new technology to enhance our access to clinical data around gaps in care, committed to integrating our numerous quality platforms into a single unified workflow, and developed advanced analytics to orchestrate pivotal member engagement and increase positive clinical outcomes and satisfaction in the care being delivered to our members; and

- taken steps to strengthen relationships with providers to improve the quality of care for our members; specifically, we are increasing our value-based provider engagements as those enhanced partnerships have proven to drive higher quality care and continue to promote local physician participation in quality improvement through physician committees chaired by local physician leaders, which ensures clinical oversight and is critical to the success of clinical quality improvement programs.

We believe these initiatives will improve the member's overall health and healthcare experience and help us achieve strong Medicare Star ratings.

CMS developed the Medicare Advantage Five-Star Quality Rating System to help consumers choose among competing plans, awarding between 1.0 and 5.0 stars to Medicare Advantage plans based on performance in certain measures of quality. The parent organization Star rating is used for new Medicare Advantage contracts while existing contracts follow their individual Star ratings to determine bonus payments.

Plans receive additional Medicare revenue related to the achievement of higher Star ratings that can be used to offer more attractive benefit packages to members and/or achieve higher profit margins. In addition, plans with Star ratings of 5.0 are eligible for year-round open enrollment, whereas plans with lower Star ratings have more restrictions on enrollment criteria and timing. Part C or Part D Medicare plans with Star ratings of less than three stars for three consecutive years are denoted as "low performing" plans on the CMS website and in the CMS "Medicare and You" handbook. In addition, CMS could exercise its authority to terminate the Medicare Advantage and PDP contracts for plans rated below three stars for three consecutive years. As a result, plans that achieve higher Star ratings may have a competitive advantage over plans with lower Star ratings.

As further validation of our quality objectives, we pursue accreditation by independent organizations that have been established to promote healthcare quality. NCQA Health Plan Accreditation programs provide unbiased, third-party reviews to verify and publicly report results on specific quality care metrics. We pursue and achieve accreditation in the majority of states where we currently have health plan operations. We also verify the credentials and backgrounds of our partner providers using standards supported by NCQA to ensure the quality of our networks.

Accreditation is only one measure of our ability to provide access to quality care for our members. State and market Healthcare Effectiveness Data and Information Set reporting constitutes the core of the information base that drives our clinical quality performance efforts. This reporting is monitored by health plan quality improvement committees and our corporate population health management and quality improvement teams.

We remain committed to our quality initiatives and continue to focus on investments that we expect to translate into value over the next few years.

SPECIALTY SERVICES

Our specialty companies provide a variety of products and services to deliver integrated healthcare to our members and other organizations.

- *Behavioral Health.* Magellan Health Inc. (Magellan) provides carve-out management services for behavioral health and employee assistance plans. These services are provided through Magellan's comprehensive network of medical and behavioral health professionals, clinics, hospitals, skilled nursing facilities, home care agencies, and ancillary service providers.

- *Clinical Healthcare.* Community Medical Group (CMG) provides clinical healthcare, encompassing primary care, access to certain specialty services, and a suite of social and other support services. CMG operates in Florida through an at-risk primary care provider model, focusing on clinical and social care for at-risk beneficiaries. Additionally, Bayless Integrated Healthcare provides outpatient primary care and behavioral healthcare services.

- *Data Analytics.* Apixio offers, among other solutions, artificial intelligence technology that performs retrospective chart reviews for more accurate risk score submission to CMS. Apixio provides services to third-party customers as well as our health plans. Interpreta uses its analytics engine to provide real-time insights to providers, care managers, and payers in the areas of member prioritization, quality management, and risk adjustment. These businesses continue to digitize the administration of healthcare and accelerate innovation and modernization across the enterprise.

- *Federal Services*. Health Net Federal Services has a Managed Support Contract in the West Region for the Department of Defense (DoD) TRICARE program. We provide administrative services to Military Health System eligible beneficiaries, which includes eligible active duty service members and their families, retired service members and their families, survivors of retired service members, and qualified former spouses. Our current contract for health care delivery services is in place through early 2024. In December 2022, the DoD announced that the TRICARE Managed Care Support Contracts commencing in 2024 were not awarded to Health Net Federal Services.

- *Pharmacy Solutions.* Utilizing innovative, flexible solutions and customized care management, we offer traditional pharmacy clinical and administrative services as well as comprehensive specialized pharmacy benefit services through our specialty pharmacy business, AcariaHealth. Our programs offer progressive services that are specifically designed to improve quality of care while containing costs. Services that we provide include drug utilization review, formulary and rebate management, patient and physician interventions, and prior authorization services and analytics. AcariaHealth offers specialized care management services for complex diseases and enhances the patient care offering through collaboration with providers and the capture of relevant data to measure patient outcomes. We have historically provided comprehensive PBM services, however, we have transitioned substantially all of our PBM business to a third party as of January 1, 2023. We continue to provide pharmacy benefit administration for state Medicaid and other government-sponsored programs through Centene Pharmacy Services.

- *Vision and Dental Services.* Envolve Benefit Options coordinates benefits beyond traditional medical benefits to offer fully integrated vision and dental health services. Our vision benefit program administers routine and medical surgical eye care benefits through a contracted national network of eye care providers. Through the dental benefit, we are dedicated to improving oral health through a contracted network of dental healthcare providers.

We currently have NCQA accreditation and/or URAC accreditation for several of our specialty services companies.

CORPORATE COMPLIANCE

Our Ethics and Compliance program assists the organization in developing effective internal controls that promote the prevention and detection of fraud, waste and abuse and the resolution of instances of conduct that do not conform to federal and state law, private payor healthcare program requirements, or our ethics and business policies. Responsibilities also include the ongoing maintenance of our privacy program and oversight of the Health Insurance Portability and Accountability Act (HIPAA) as they pertain to us and our business units from a compliance, business, and technical perspective.

Three standards by which corporate compliance programs in the healthcare industry are measured are the Federal Organizational Sentencing Guidelines, the CMS Chapter Guidance, and the Compliance Program Guidance series issued by the Department of Health and Human Services' Office of the Inspector General. Our program contains each of the seven elements suggested by these authorities.

These key components are:

- written standards of conduct;
- designation of compliance officers and compliance committees;
- effective training and education;
- effective lines for reporting and communication;
- enforcement of standards through well-publicized disciplinary guidelines and actions;
- internal monitoring and auditing; and
- prompt response to detected offenses and development of corrective action plans.

The goal of our program is to build a culture of integrity, ethics, and compliance, which is assessed periodically to measure engagement and effectiveness. Our Corporate Compliance intranet site, accessible to all employees, contains our Compliance Program description, our Business Ethics and Code of Conduct Policy, and resources for employees to report concerns or ask questions. If needed, employees have access to the contact information for our Board of Directors' Audit and Compliance Committee Chairman to report concerns. Our Ethics and Compliance Helpline is a toll-free number and web-based reporting tool operated by a third-party independent of the Company and allows employees or other persons to anonymously report suspected incidents of misconduct, fraud, waste, abuse, or other compliance violations, concerns, or questions. Furthermore, our Board of Directors' Audit and Compliance Committee reviews ethics and compliance reports quarterly.

ENVIRONMENTAL, SOCIAL, HEALTH, GOVERNANCE AND CORPORATE RESPONSIBILITY

Our steadfast commitment to the environment, the health and social well-being of our communities, and our culture of sound and ethical corporate governance extends far beyond individual programs or initiatives. Through the delivery of high-quality healthcare to at-risk populations, our responsibilities to members, stakeholders, and our planet serve as a living expression of our purpose – transforming the health of communities, one person at a time. Continued focus on environmental, social, and governance (ESG) matters remains foundational to supporting our strategy and long-term value creation. The services and value we provide to improve the lives of our members are essential to our business model. Our focus on the whole health of our members by delivering a full spectrum of care, including continually enhanced social determinants of health services, has allowed us to become a national leader in healthcare. These themes are core to our Environmental, Social, Health, and Governance (ESHG) Strategic Framework (the Framework), which highlights our commitment to healthy individuals and healthy communities and builds upon our long history of identifying and removing barriers to health. Implementation of the Framework is overseen by the Board of Directors Governance Committee and ESHG initiatives throughout the organization are driven by a cross-functional network comprised of executive representatives.

Annually, we issue an ESHG Report to the Community to communicate the value of our ESHG efforts, a Task Force on Climate-related Financial Disclosures (TCFD) Index report outlining our governance structure, strategy, risks, opportunities, and metrics and target-setting related to managing climate change, and a Sustainability Accounting Standards Board (SASB) index report aligned with the SASB Managed Care standard, providing sustainability disclosures to our stakeholders. The Framework enables us to align our business strategy and long-term planning with our initiatives and commitments to protect our planet, serve our communities, cultivate healthier lives, and live our values. Interested parties can find our ESG / ESHG-related reports within the Investors section of our website, the URL of which is https://investors.centene.com/esg. *Please note: Nothing on our website, including our ESG / ESHG reports or sections thereof, shall be deemed incorporated by reference into this Annual Report.*

COMPETITION

We operate in a highly competitive environment in an industry subject to ongoing significant changes, including business consolidations, new strategic alliances, market pressures, and regulatory and legislative reform both at the federal and state level. This includes, but is not limited to, the federal and state healthcare reform legislation described under the heading "Regulation." In addition, changes to the political environment may drive additional changes to the competitive landscape.

We compete with other MCOs and specialty companies to acquire and retain state, county, federal, and commercial contracts. In addition, competitors could include technology companies, new joint ventures, financial services firms, consulting firms, and other non-traditional competitors. Before granting a contract, state and federal government agencies consider many competitive factors. These factors include quality of care, financial condition, stability and resources, and established or scalable infrastructure with a demonstrated ability to deliver services and establish comprehensive provider networks.

We also compete to enroll new members and retain existing members. People who wish to enroll in a managed healthcare plan or to change healthcare plans typically choose a plan based on the quality of care and services offered, ease of access to services, a specific provider being part of the network, and the availability of supplemental benefits. We believe that the principal competitive features affecting our ability to retain and increase membership include the range and prices of benefit plans offered, size and quality of provider network, quality of service, responsiveness to customer demands, financial stability, comprehensiveness of coverage, diversity of product offerings, market presence, and reputation.

We also compete with other MCOs in establishing provider networks. When contracting with various health plans, we believe that providers consider existing and potential member volume, reimbursement rates, population health management programs, speed of reimbursement, and administrative service capabilities. See "Risk Factors - ***Competition may limit our ability to increase penetration of the markets that we serve.***"

The relative importance of each of the aforementioned competitive factors and the identity of our key competitors varies by market, including by geography and by product. We believe that we compete effectively against other healthcare industry participants.

REGULATION

Our operations are comprehensively regulated at the local, state, and federal levels. Government regulation of the provision of healthcare products and services is a changing area of law that varies from jurisdiction to jurisdiction. States have implemented National Association of Insurance Commissioners (NAIC) model regulations, requiring governance practices and risk and solvency assessment reporting. States have adopted these or similar measures to enhance regulations relating to corporate governance and internal controls of health maintenance organizations (HMOs) and insurance companies. We are required to maintain a risk management framework and file reports with state insurance regulators.

Regulatory agencies have substantial discretion to issue regulations and interpret and enforce laws and rules. Changes in the regulatory environment and applicable laws and rules also may occur periodically, including in connection with changes in political party or administration at the state and federal levels. The ultimate content, timing, or effect of any potential future legislation enacted under the new administration remains uncertain.

Our regulated subsidiaries are licensed to operate as HMOs, preferred provider organizations (PPOs), third party administrators, utilization review organizations, pharmacies, direct care providers, and/or insurance companies in their respective states. In each of the jurisdictions in which we operate, we are regulated by the relevant health and/or human services departments, departments of insurance, boards of pharmacy and other healthcare providers, and departments of health that oversee the activities of MCOs and health plans providing or arranging to provide services to enrollees.

The process for obtaining authorization to operate as a MCO, health insurance plan, prescription drug plan, pharmacy, or provider organization is complex and requires us to demonstrate to the regulators the adequacy of the health plan's organizational structure, financial resources, utilization review, quality assurance programs, proper billing, complaint procedures, and an adequate provider network and procedures for covering emergency medical conditions. For example, under both state MCO statutes and insurance laws, our health plan subsidiaries, as well as our applicable specialty companies, must comply with minimum statutory capital and other financial solvency requirements, such as deposit and surplus requirements. Insurance regulations may also require prior state approval of acquisitions of other MCO businesses and the payment of dividends, as well as notice for loans or the transfer of funds. Our subsidiaries are also subject to periodic state and federal reporting requirements. In addition, each health plan and individual healthcare provider must meet criteria to secure the approval of state regulatory authorities before implementing certain operational changes, including, without limitation, changes to existing offerings, the development of new product offerings, certain organizational restructurings, and, in some states, the expansion of service areas.

States have adopted a number of regulations that may affect our business and results of operations. These regulations in certain states include:

- premium taxes or similar assessments imposed on us;
- stringent prompt payment laws requiring us to pay claims within a specified period of time;
- disclosure requirements regarding provider fee schedules and coding procedures; and
- programs to monitor and supervise the activities and financial solvency of provider groups.

We are regulated as an insurance holding company and are subject to the insurance holding company acts of the states in which our insurance company and HMO subsidiaries are domiciled. These acts contain certain reporting requirements as well as restrictions on transactions between an insurer or HMO and its affiliates. These holding company laws and regulations generally require insurance companies and HMOs within an insurance holding company system to register with the insurance department of each state where they are domiciled and to file with those states' insurance departments reports describing the capital structure, ownership, financial condition, intercompany transactions, and general business operations. In addition, depending on the size and nature of the transaction, various notice and reporting requirements generally apply to transactions between insurance companies and HMOs and their affiliates within an insurance holding company structure. Some insurance holding company laws and regulations require prior regulatory approval or, in certain circumstances, prior notice of certain material intercompany transfers of assets as well as certain transactions between insurance companies, HMOs, their parent holding companies, and affiliates. Among other provisions, state insurance and HMO laws may restrict the ability of our regulated subsidiaries to pay dividends.

Additionally, the holding company regulations of the states in which our subsidiaries are domiciled restrict the ability of any person to obtain control of an insurance company or HMO without prior regulatory approval. Under those statutes, without such approval or an exemption, no person may acquire any voting security of an insurance holding company that controls an insurance company or HMO, or merge with such a holding company, if as a result of such transaction such person would "control" the insurance holding company. "Control" is generally defined as the direct or indirect power to direct or cause the direction of the management and policies of a company and is presumed to exist if a person directly or indirectly owns or controls 10% or more of the voting securities of a company.

PPO regulation also varies by state and covers all or most of the subject areas referred to above.

Our pharmacies must be licensed to do business as pharmacies in the states in which they are located. Our pharmacies must also register with the U.S. Drug Enforcement Administration and individual state controlled substance authorities to dispense controlled substances. In many of the states where our pharmacies deliver pharmaceuticals, there are laws and regulations that require out-of-state mail order pharmacies to register with that state's board of pharmacy or similar regulatory body. These states generally permit the pharmacy to follow the laws of the state in which the mail order pharmacy is located, although some states require that we also comply with certain laws in that state.

Our healthcare providers must be licensed to practice medicine and do business as care providers in the state in which they are located. In addition, they must be in good standing with the applicable medical board, board of nursing, or other applicable entity. Furthermore, they must not be excluded from participation at either the state or federal levels. Our facilities are periodically reviewed by state departments of health and other regulatory agencies to ensure the environment is safe to provide care.

Federal law has also implemented other health programs that are partially funded by the federal government, such as Medicaid and Medicare programs. Our Medicaid programs are regulated and administered by various state regulatory bodies. Federal funding remains critical to the viability of these programs. Federal law permits the federal government to oversee and, in some cases, to enact, regulations and other requirements that must be followed by states with respect to these programs. Medicaid is administered at the federal level by CMS. Comprehensive legislation, specifically Title XVIII of the Social Security Act, governs our Medicare program. In addition, our Medicare contracts are subject to regulation by CMS. CMS has the right to audit Medicare contractors and the healthcare providers and administrative contractors who provide certain services on their behalf to determine the quality of care being rendered and the degree of compliance with CMS contracts and regulations.

The ACA transformed the U.S. healthcare system through a series of complex initiatives. Some of the ACA's most significant provisions include the imposition of significant fees, assessments, and taxes, the establishment of federally-facilitated and state-based Health Insurance Marketplaces where individuals and small groups may purchase health coverage; the implementation of certain premium stabilization programs designed to apportion risk amongst insurers; and optional Medicaid Expansion. State and federal regulators have continued to provide additional guidance and specificity to the ACA, and we continue to monitor this new information and evaluate its potential impact on our business. For a further discussion of the ACA, see "Risk Factors - ***Significant changes or judicial challenges to the ACA could materially and adversely affect our results of operations, financial condition, and cash flows.***"

We must also comply with laws and regulations related to the award, administration, and performance of U.S. Government contracts. Government contract laws and regulations affect how we do business with our customers and, in some instances, impose added costs on our business. For example, money laundering is a method of attempting to conceal the origins of money gained through illegal activity and is itself a crime that can result in substantial criminal and civil sanctions including fines and imprisonment. To ensure compliance with anti-money laundering laws and regulations, it is our policy to conduct business only with legitimate customers and counterparties whose funds are derived from legitimate commercial activity. In addition, as a result of our international operations, we are subject to the U.S. Foreign Corrupt Practices Act (FCPA) and similar worldwide anti-corruption laws, including the U.K. Bribery Act of 2010, which generally prohibit companies and their intermediaries from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. A violation of specific laws and regulations by us and/or our agents could result in, among other things, the imposition of fines and penalties on us, changes to our business practices, the termination of our contracts, or debarment from bidding on contracts.

State and Federal Businesses; Contracts

In addition to being a licensed insurance company or HMO, in order to be a Medicaid MCO in each of the states in which we operate, we generally must operate under a contract with the state's Medicaid agency. States generally either use a formal proposal process, reviewing a number of bidders, or award individual contracts to qualified applicants that apply for entry to the program. Under these state Medicaid program contracts, we receive monthly payments based on specified capitation rates determined on an actuarial basis. These rates differ by membership category and by state depending on the specific benefits and policies adopted by each state. In addition, several of our Medicaid contracts require us to maintain Medicare Advantage special needs plans, which are regulated by CMS, for dual-eligible individuals within the state.

We provide Medicare Advantage, PDPs, DSNPs, and MMPs which are provided under contracts with CMS and subject to federal regulation regarding the award, administration, and performance of such contracts. CMS also has the right to audit our performance to determine our compliance with these contracts, as well as other CMS regulations and the quality of care we provide to Medicare beneficiaries under these contracts.

As of December 31, 2022, we operated in 27 states under federally-facilitated Marketplace contracts with CMS and state-based exchanges. We operate under a contract with the Arkansas Department of Human Services Division of Medical Services and the Arkansas Insurance Department to participate in the Medicaid expansion model that Arkansas has adopted (referred to as Arkansas Works).

Our government contracts include government-sponsored managed care and administrative services contracts through the TRICARE program and certain other healthcare-related government contracts.

Our state and federal contracts and the regulatory provisions applicable to us generally set forth requirements for operating, including provisions relating to:

- eligibility, enrollment, and dis-enrollment processes;
- covered services;
- eligible providers;
- subcontractors;
- record-keeping and record retention;
- periodic financial and informational reporting;
- quality assurance;
- accreditation;
- health education and wellness and prevention programs;
- timeliness of claims payment;
- financial standards;
- safeguarding of member information;
- fraud, waste and abuse detection and reporting;
- grievance procedures; and
- organization and administrative systems.

A health plan or individual health insurance provider's compliance with these requirements is subject to monitoring by state regulators and by CMS. A health plan is also subject to periodic comprehensive quality assurance evaluations by a third-party reviewing organization and generally by the insurance department of the jurisdiction that licenses the health plan. A health plan or individual health insurance provider must also submit reports to various regulatory agencies, including quarterly and annual statutory financial statements and utilization reports.

Our health plans operate through individual state contracts, generally with an initial term of one to five years. The contracts often have renewal or extension terms or are renewable through the state's reprocurement process. The contracts generally are subject to termination for cause, an event of default, or lack of funding, among other things.

Our federally-facilitated Marketplace contracts and state-based exchanges are renewable on an annual basis.

Privacy Regulations

We are subject to various international, federal, state, and local laws and rules regarding the use, security, and disclosure of protected health information, personal information, and other categories of confidential or legally protected data that our businesses handle. Such laws and rules include, without limitation, HIPAA, the Federal Trade Commission Act, the Gramm-Leach-Bliley Financial Modernization Act of 1999 (Gramm-Leach-Bliley Act), the General Data Protection Regulation, and state privacy and security laws such as the California Confidentiality of Medical Information Act and the California Online Privacy Protection Act. Privacy and security laws and regulations often change due to new or amended legislation, regulations, or administrative interpretation. A variety of state and federal regulators enforce these laws, including but not limited to the U.S. Department of Health and Human Services (HHS), the Federal Trade Commission, state attorneys general, and other state regulators.

HIPAA is designed to improve the portability and continuity of health insurance coverage, simplify the administration of health insurance through standard transactions and ensure the privacy and security of individual health information. Among the requirements of HIPAA are the Administrative Simplification provisions which include: standards for processing health insurance claims and related transactions (Transactions Standards); requirements for protecting the privacy and limiting the use and disclosure of medical records and other personal health information (Privacy Rule); and standards and specifications for safeguarding personal health information which is maintained, stored or transmitted in electronic format (Security Rule). The Health Information Technology for Economic and Clinical Health (HITECH) Act amended certain provisions of HIPAA and enhanced data security obligations for covered entities and their business associates. HITECH also mandated individual notifications in instances of a data breach, provided enhanced penalties for HIPAA violations, and granted enforcement authority to states' Attorneys General in addition to the HHS Office for Civil Rights. The HIPAA Omnibus Rule further enhanced the changes under the HITECH Acts and the Genetic Information Nondiscrimination Act of 2008 which clarified that genetic information is protected under HIPAA and prohibits most health plans from using or disclosing genetic information for underwriting purposes. These regulations also establish significant criminal penalties and civil sanctions for non-compliance. The preemption provisions of HIPAA provide that the federal standards will not preempt state laws that are more stringent than the related federal requirements.

The Privacy and Security Rules and HITECH/Omnibus enhancements established requirements to protect the privacy of medical records and safeguard personal health information maintained and used by healthcare providers, health plans, healthcare clearinghouses, and their business associates.

The Security Rule requires healthcare providers, health plans, healthcare clearinghouses, and their business associates to implement administrative, physical, and technical safeguards to ensure the privacy and confidentiality of health information electronically stored, maintained, or transmitted. The HITECH Act and Omnibus Rule enhanced a federal requirement for notification when the security of protected health information is breached. In addition, there are state laws that have been adopted to provide for, among other things, private rights of action for breaches of data security and mandatory notification to persons whose identifiable information is obtained without authorization.

The requirements of the Transactions Standards apply to certain healthcare related transactions conducted using "electronic media." Since "electronic media" is defined broadly to include "transmissions that are physically moved from one location to another using portable data, magnetic tape, disk or compact disk media," many communications are considered to be electronically transmitted. Under HIPAA, health plans and providers are required to have the capacity to accept and send all covered transactions in a standardized electronic format. Penalties can be imposed for failure to comply with these requirements. The transaction standards were modified in October 2015 with the implementation of the ICD-10 coding system.

In addition, we process and maintain personal card data, particularly in connection with our Marketplace business. As a result, we must maintain compliance with the Payment Card Industry Data Security Standard, which is a multifaceted security standard intended to optimize the security of credit, debit, and cash card transactions and protect cardholders against misuse of their personal information.

Other Fraud, Waste and Abuse Laws

Investigating and prosecuting healthcare fraud, waste and abuse continues to be a top priority for state and federal law enforcement entities. The focus of these efforts has been directed at Medicare, Medicaid, Health Insurance Marketplace, and commercial products. The fraud, waste and abuse laws include the federal False Claims Act, which prohibits the known filing of a false claim or the known use of false statements to obtain payment from the federal government. Many states have false claim act statutes that closely resemble the federal False Claims Act. Additional fraud, waste and abuse prohibitions include a wide range of operating activities, such as kickbacks or other inducements for the referral of members or coverage of products (such as prescription drugs) by a plan, billing for unnecessary medical services by a provider, improper marketing and violation of patient privacy rights. The laws and regulations relating to fraud, waste and abuse and the requirements applicable to health plans, PDPs, and providers participating in these programs are complex and change regularly. Compliance with these laws may require substantial resources. We are constantly looking for ways to improve our fraud, waste and abuse detection methods. While we have both prospective and retrospective processes to identify abusive patterns and fraudulent billing, we continue to increase our capabilities to proactively detect inappropriate billing prior to payment.

HUMAN CAPITAL RESOURCES

As the pace of change, complexity, and uncertainty in the broader environment accelerates, we continue our strong investment in creating a purpose-driven culture. We intentionally attract, develop, and retain top talent who have diverse voices and experiences, passion, and vision well-positioned to help us transform the health of communities for those we serve. Our entrepreneurial and mission-driven workforce is anchored by a steadfast commitment to a diverse, equitable, inclusive, and safe workplace. Our employees are further enabled through robust talent development programs and supported by competitive compensation, benefits, and health and well-being programs. Finally, our workforce is emboldened by their alignment with our purpose, values, and strategy through meaningful connections between our employees and their communities.

As of December 31, 2022, we had approximately 74,300 full-time equivalent (FTE) employees.

In our most recent Shaping Centene Employee Engagement pulse survey, 88% of employees reported strong engagement. Based on their responses, we surpassed the 75th percentile of Fortune 100 benchmark companies (benchmark data from 2019-2021) in a number of areas, including but not limited to the Company's commitment to and people leaders' support of diversity, equity and inclusion in the workplace, and having a clear understanding of our mission and values, as measured in our annual DEI Index, People Leader Effectiveness, Culture, and Employee Engagement surveys.

Workforce Culture and Compensation and Benefits

We maintain the health and well-being of our employees as one of the main driving factors of business decisions. We offer benefits to our employees to help them achieve optimum work-life balance and meet their needs and the needs of their families.

Based on feedback from our employees, we have adopted a modern work environment, including remote and hybrid work arrangements utilized by the majority of our employees. We believe that work flexibility empowers our employees to do their best work in the way they work best. With a largely remote workforce, we are intentional in our efforts to foster a collaborative, inclusive, and engaging work environment. We create meaningful "moments that matter," including monthly forums for people leaders, weekly communications for all employees, virtual all-employee meetings, and employee programming to help amplify multiple perspectives and lived experiences.

Our compensation and benefits programs are market competitive and designed to attract and retain talent. Our overall compensation philosophy is to pay for performance by linking the achievement of both Company and individual goals to total compensation. In addition to base pay, these programs may include annual bonuses, stock awards, an employee stock purchase plan, and a 401(k) plan. Our benefits cover various aspects of an employee's life, including medical, dental, and vision insurance, short- and long-term disability, supplemental accidental death and dismemberment and life insurance, wellness programs, flexible spending accounts, parental leave, and caregiver leave. We recently updated our parental leave to six weeks of fully compensated time for caregivers with an additional eight weeks for mothers, providing up to 14 weeks of fully compensated maternity leave. We also offer vacation, paid personal and sick time, paid company holidays, an employee assistance program, tuition reimbursement/educational assistance, and adoption reimbursement. In addition, we offer paid community volunteer time to encourage our employees to participate in individual and work-related volunteer programs and support the communities in which we serve.

Diversity, Equity and Inclusion

We believe that a diverse workforce and an equitable, inclusive environment enable competitive advantage and fuel improved service, innovation, and performance with all stakeholders. Our talent advisors, in partnership with hiring leaders, work to nurture a pipeline that connects us to a diverse workforce. Each of our talent advisors receives training to become Certified Diversity Recruiters and participate in the Association of Talent Acquisition Professionals Diversity, Equity and Inclusion (DEI) Excellence Program.

We have a wide range of programs focused on early identification and accelerated development of diverse talent, including our Employee Inclusion Groups (EIGs), which are key drivers of our culture. These voluntary, employee-led groups provide professional and leadership opportunities for women, military veterans and their families, individuals with disabilities and caregivers of individuals with disabilities, LGBTQIA+, and multicultural employees. EIGs support the attraction, development, and retention of talent at all levels, contribute to community engagement initiatives, and support business innovation and corporate best practices. Today, there are over 15,000 employees participating in our EIGs.

Our DEI strategy extends beyond the workforce and emphasizes supplier diversity, community engagement, and stakeholder collaboration. As a company committed to advancing whole health in communities, we recognize that economic inclusion is vital to positive health outcomes. Accordingly, we invest and partner with organizations that share our mission and values, with a focus on small businesses that provide employment opportunities to our member population.

Our Diversity, Equity & Inclusion Annual Report, which includes detailed information regarding our Human Capital programs and initiatives, can be found within the Investors section of our website at https://www.centene.com/who-we-are/corporate-facts-reports.html. *Please note: Nothing on our website, including our Diversity, Equity and Inclusion Report or sections thereof, shall be deemed incorporated by reference into this Annual Report.*

Talent Development

Through our robust talent infrastructure, we continue working to deepen and prepare our diverse talent bench and workforce, which is instrumental to our Value Creation Plan and business strategy. We are committed to developing a workforce who can thrive in the evolving world of work, enabling our organization to further accelerate growth, inclusivity, and innovation. Through Centene University, we have designed learning and development at scale, using new digital tools, real-time virtual learnings, and customized leadership development programs, accessible to all employees, in a modern learning environment.

Additionally, a refreshed new leader development program, LEAD, was launched in 2022, to support newly promoted or hired people leaders. This 10-week program helps accelerate culture immersion and upskill leaders to lead in a modern era of hybrid work and continuous change. We also strategically identify talent to participate in leading external professional development programs designed for women and people of color.

In addition to building new workforce skills, we utilize our ongoing enterprise talent reviews, succession planning, career development planning, and comprehensive workforce analytics to provide insights to senior leaders to inform actions and drive intentional talent results through our People Plans, the integrated human capital component of our annual operating plans.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

The following table sets forth information regarding our executive officers, including their ages, at February 17, 2023:

Name	Age	Position
Sarah M. London	42	Chief Executive Officer
Andrew L. Asher	54	Executive Vice President, Chief Financial Officer
Katie N. Casso	41	Senior Vice President, Corporate Controller and Chief Accounting Officer
Kenneth J. Fasola	63	President
Christopher A. Koster	58	Executive Vice President, Secretary and General Counsel
James E. Murray	69	Executive Vice President, Chief Operating Officer

Sarah M. London. Ms. London has served as our Chief Executive Officer since March 2022. From September 2021 to March 2022, she served as Vice Chairman. She served as President, Centene Health Care Enterprises and Executive Vice President, Advanced Technology from March 2021 to September 2021. From September 2020 to February 2021, she served as Senior Vice President, Technology Innovation and Modernization. Prior to joining Centene, she served as both Senior Principal and Partner for Optum Ventures from May 2018 to March 2020 and Chief Product Officer of Optum from March 2016 to May 2018.

Andrew L. Asher. Mr. Asher has served as our Executive Vice President, Chief Financial Officer since May 2021. From January 2020 to May 2021, he served as Executive Vice President, Specialty. Prior to joining Centene, he served as the Chief Financial Officer of WellCare from November 2014 to January 2020.

Katie N. Casso. Ms. Casso has served as our Senior Vice President, Corporate Controller and Chief Accounting Officer since April 2021. From January 2016 to March 2021, she served as Vice President, Assistant Controller.

Kenneth J. Fasola. Mr. Fasola has served as our President since December 2022. From January 2022 to December 2022, he served as Executive Vice President, Health Care Enterprises. Mr. Fasola joined Centene upon the acquisition of Magellan Health in January 2022, where he served as the Chief Executive Officer since November 2019. From April 2019 to November 2019, he served as Chief Growth Officer of Ancillary and Individual Health Services at United Healthcare. From October 2010 to April 2019, he served as Chairman, President and Chief Executive Officer of HealthMarkets, Inc.

Christopher A. Koster. Mr. Koster has served as our Executive Vice President, Secretary and General Counsel since December 2021. From February 2020 to December 2021, he served as Senior Vice President, Secretary and General Counsel. From February 2017 to February 2020, he served as Senior Vice President, Corporate Services. Prior to joining Centene, Mr. Koster served as Missouri Attorney General for eight years.

James E. Murray. Mr. Murray has served as our Executive Vice President, Chief Operating Officer since December 2022. From January 2022 to December 2022, he served as Executive Vice President, Chief Transformation Officer. Mr. Murray joined Centene upon the acquisition of Magellan Health in January 2022, where he had served as the President and Chief Operating Officer since January 2020. During 2019, he served as President of PrimeWest Health. From 2017 to 2019, he served as Chief Executive Officer of LifeCare Health Partners.

Available Information

We are subject to the reporting and information requirements of the Securities Exchange Act of 1934, as amended (Exchange Act) and, as a result, we file periodic reports and other information with the Securities and Exchange Commission, or SEC. We make these filings available on our website free of charge, the URL of which is https://www.centene.com, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC. The SEC maintains a website (https://www.sec.gov) that contains our annual, quarterly, and current reports and other information we file electronically with the SEC. Stockholders may obtain a copy of this Annual Report on Form 10-K, without charge, by writing: Investor Relations, Centene Corporation, 7700 Forsyth Boulevard, St. Louis, MO 63105. *Please note: Information on our website does not constitute part of this Annual Report on Form 10-K.*

Item 1A. ***Risk Factors.***

You should carefully consider the risks described below before making an investment decision. The trading price of our common stock could decline due to any of these risks, in which case you could lose all or part of your investment. You should also refer to the other information in this filing, including our consolidated financial statements and related notes. The risks and uncertainties described below are those that we currently believe may materially affect our Company. Additional risks and uncertainties that we are unaware of or that we currently deem immaterial also may become important factors that affect our Company.

Risks Relating to Our Business

Failure to accurately estimate and price our medical expenses or effectively manage our medical costs or related administrative costs could have a material adverse effect on our results of operations, financial condition, and cash flows.

Our profitability depends to a significant degree on our ability to estimate and effectively manage expenses related to health benefits through, among other things, our ability to contract favorably with hospitals, physicians, and other healthcare providers. For example, our government-sponsored health programs revenue is often based on bids submitted before the start of the initial contract year. If our actual medical expenses exceed our estimates, our health benefits ratio (HBR), or our expenses related to medical services as a percentage of premium revenues, would increase and our profits would decline. Because of the narrow margins of our health plan business, relatively small changes in our HBR can create significant changes in our financial results. Changes in healthcare regulations and practices, the level of utilization of healthcare services, out-of-network utilization and pricing, hospital and pharmaceutical costs, unexpected events, such as disasters, the effects of climate change, major epidemics, pandemics, or newly emergent diseases (such as COVID-19), new medical technologies, new pharmaceutical compounds, increases in provider fraud, and other external factors, including general economic conditions such as inflation and unemployment levels, are generally beyond our control and could reduce our ability to accurately predict and effectively control the costs of providing health benefits. Also, member behavior could continue to be influenced by the uncertainty surrounding the ACA, including potential further legal challenges to the ACA or potential changes in premium subsidies.

Our medical expenses include claims reported but not paid, estimates for claims incurred but not reported (IBNR), and estimates for the costs necessary to process unpaid claims at the end of each period. Our development of the medical claims liability estimate is a continuous process which we monitor and refine on a monthly basis as claims receipts and payment information as well as inpatient acuity information becomes available. As more complete information becomes available, we adjust the amount of the estimate, and include the changes in estimates in medical expenses in the period in which the changes are identified. Given the uncertainties inherent in such estimates, there can be no assurance that our medical claims liability estimate will be adequate, and any adjustments to the estimate may unfavorably impact our results of operations and may be material.

Additionally, when we commence operations in a new state or region or launch a new product, we have limited information with which to estimate our medical claims liability. For a period of time after the inception of the new business, we base our estimates on government-provided historical actuarial data and limited actual incurred and received claims and inpatient acuity information. The addition of new categories of eligible individuals, as well as evolving Health Insurance Marketplace plans, may pose difficulty in estimating our medical claims liability.

From time to time in the past, our actual results have varied from our estimates, particularly in times of significant changes in the number of our members. If it is determined that our estimates are significantly different than actual results, our results of operations and financial condition could be adversely affected. In addition, if there is a significant delay in our receipt of premiums, our business operations, cash flows, or earnings could be negatively impacted.

Our Medicare programs are subject to a variety of unique risks that could adversely impact our financial results.

If we fail to design and maintain programs that are attractive to Medicare participants; if our Medicare operations are subject to negative outcomes from program audits, sanctions, penalties or other actions; if we do not submit adequate bids in our existing markets or any expansion markets; if our existing contracts are modified or terminated; or if we fail to maintain or improve our quality Star ratings, our current Medicare business and our ability to expand our Medicare operations could be materially and adversely affected, negatively impacting our financial performance. For example, the achievement of Star ratings of 4-star or higher qualifies Medicare Advantage plans for premium bonuses. For rating year 2023, only 3% of our total December 31, 2022 Medicare Advantage membership is in a plan that received an overall rating of 4.0 stars or higher.

Despite our operational efforts to improve our Star ratings, there can be no assurances that we will be successful in improving our Star ratings in future years. Our quality bonus and rebates may continue to be negatively impacted and the attractiveness of our Medicare Advantage plans may be reduced if we are unable to improve these ratings.

There are also specific additional risks under Title XVIII, Part D of the Social Security Act associated with our provision of Medicare Part D prescription drug benefits as part of our Medicare Advantage plan offerings. These risks include potential uncollectibility of receivables, inadequacy of pricing assumptions, inability to receive and process information and increased pharmaceutical costs, as well as the underlying seasonality of this business, and extended settlement periods for claims submissions. Our failure to comply with Part D program requirements can result in financial and/or operational sanctions on our Part D products, as well as on our Medicare Advantage products that offer no prescription drug coverage.

Risk-adjustment payment systems make our revenue and results of operations more difficult to estimate and could result in retroactive adjustments that have a material adverse effect on our results of operations, financial condition, and cash flows.

Most of our government customers employ risk-adjustment models to determine the premium amount they pay for each member. This model pays more for members with predictably higher costs according to the health status of each beneficiary enrolled. Premium payments are generally established at fixed intervals according to the contract terms and then adjusted on a retroactive basis. We reassess the estimates of the risk adjustment settlements each reporting period and any resulting adjustments are made to premium revenue. In addition, revisions by our government customers to the risk-adjustment models have reduced and may continue to reduce our premium revenue.

As a result of the variability of certain factors that determine estimates for risk-adjusted premiums, including plan risk scores, the actual amount of retroactive payments could be materially more or less than our estimates. Consequently, our estimate of our plans' risk scores for any period, and any resulting change in our accrual of premium revenues related thereto, could have a material adverse effect on our results of operations, financial condition, and cash flows. The data provided to our government customers to determine the risk score are subject to audit by them even after the annual settlements occur. These audits may result in the refund of premiums to the government customer previously received by us, which could be significant and would reduce our premium revenue in the year that repayment is required.

Government customers have performed and continue to perform audits of selected plans to validate the provider coding practices under the risk adjustment model used to calculate the premium paid for each member. In 2023, CMS announced the removal of the fee-for-service adjuster from the risk adjustment data validation audit methodology beginning for audit year 2018, which could increase our audit error scores. We anticipate that CMS will continue to conduct audits of our Medicare contracts and contract years on an on-going basis. An audit may result in the refund of premiums to CMS. It is likely that a payment adjustment could occur as a result of these audits; and any such adjustment could have a material adverse effect on our results of operations, financial condition, and cash flows.

Any failure to adequately price products offered or any reduction in products offered for Medicare Advantage and in the Health Insurance Marketplace may have a material adverse effect on our results of operations, financial condition, and cash flows.

In the Health Insurance Marketplace, we may be adversely impacted by being selected by individuals who have higher acuity levels than those individuals who selected us in the past and healthy individuals may decide to opt out of the pool altogether. In addition, the risk adjustment provisions of the ACA established to apportion risk amongst insurers may not be effective in appropriately mitigating the financial risks related to the Health Insurance Marketplace product, are subject to a high degree of estimation and variability and are affected by our members' acuity relative to the membership acuity of other insurers. Further, changes in the competitive market for both Health Insurance Marketplace and the Medicare Advantage products over time, changes to member eligibility in the program design or changes in the financial incentives of individuals and competitors to participate in such products may make pricing difficult to predict. For example, competitors may introduce pricing, or broker incentives that we may not be able to match, which may adversely affect our ability to compete effectively. Competitors may also choose to exit the market altogether or otherwise suffer financial difficulty, which could adversely impact the pool of potential insured, or require us to increase premium rates. Any significant variation from our expectations regarding acuity, enrollment levels, adverse selection, out-of-network costs, or other assumptions utilized in setting adequate premium rates could have a material adverse effect on our results of operations, financial condition, and cash flows for both our Health Insurance Marketplace and Medicare Advantage products.

We derive a portion of our cash flow and gross margin from our PDP operations, for which we submit annual bids for participation. The results of our bids could have a material adverse effect on our results of operations, financial condition, and cash flows.

A significant portion of our PDP membership is obtained from the auto-assignment of beneficiaries in CMS-designated regions where our PDP premium bids are below benchmarks of other plans' bids. In general, our premium bids are based on assumptions regarding PDP membership, utilization, drug costs, drug rebates, and other factors for each region. Our 2023 PDP bids resulted in 34 of the 34 CMS regions in which we were below the benchmarks, consistent with our 2022 PDP bids.

If our future Part D premium bids are not below the CMS benchmarks, we risk losing PDP members who were previously assigned to us and we may not have additional PDP members auto-assigned to us, which could materially reduce our revenue and profits.

Our encounter data may be inaccurate or incomplete, which could have a material adverse effect on our results of operations, financial condition, and cash flows and ability to bid for, and continue to participate in, certain programs.

Our contracts require the submission of complete and correct encounter data. The accurate and timely reporting of encounter data is increasingly important to the success of our programs because more states are using encounter data to determine compliance with performance standards and to set premium rates. We have expended and may continue to expend additional effort and incur significant additional costs to collect or correct inaccurate or incomplete encounter data and have been and continue to be, exposed to operating sanctions and financial fines and penalties for noncompliance. In some instances, our government clients have established retroactive requirements for the encounter data we must submit. There also may be periods of time in which we are unable to meet existing requirements. In either case, it may be prohibitively expensive or impossible for us to collect or reconstruct this historical data.

We may experience challenges in obtaining complete and accurate encounter data, due to difficulties with providers and third-party vendors submitting claims in a timely fashion in the proper format, and with state agencies in coordinating such submissions. As states increase their reliance on encounter data, these difficulties could adversely affect the premium rates we receive and how membership is assigned to us and subject us to financial penalties, which could have a material adverse effect on our results of operations, financial condition, cash flows and our ability to bid for, and continue to participate in, certain programs.

If we are not successful in procuring new government contracts or renewing existing government contracts, or if we receive an adverse finding or review resulting from an audit or investigation, our business may be adversely affected.

A substantial portion of our business relates to the provision of managed care programs and selected services to individuals receiving benefits under governmental assistance or entitlement programs. We provide these and other healthcare services under contracts with government entities in the areas in which we operate. Our government contracts are generally intended to run for a fixed number of years and may be extended for an additional specified number of years if the contracting entity or its agent elects to do so. Initial bids for these contracts and initial implementation of these contracts can have substantial start up costs, and may ultimately be unsuccessful. For example, in order to obtain a certificate of authority in most jurisdictions, we must first establish a provider network, have systems in place, and demonstrate our ability to administer a state contract and process claims. Once a new contract is awarded, we may experience delays in operational start dates. As a result of these factors, start-up operations may decrease our profitability, or we may not grow as quickly as we anticipated.

When our contracts with government entities expire, they may be opened for bidding by competing healthcare providers, and there is no guarantee that our contracts will be renewed or extended. Competitors may buy their way into the market by submitting bids with lower pricing. Even if our responsive bids are successful, the bids may be based upon assumptions or other factors which could result in the contracts being less profitable than we had anticipated. Further, our government contracts contain certain provisions regarding eligibility, enrollment and dis-enrollment processes for covered services, eligible providers, periodic financial and informational reporting, quality assurance, timeliness of claims payment, compliance with contract terms and law, and agreement to maintain a Medicare plan in the state and financial standards, among other things, and are subject to cancellation if we fail to perform in accordance with the standards set by regulatory agencies. For example, our subsidiary, Health Net of California, was selected by the California Department of Health Care Services (DHCS) for direct Medicaid contracts in 10 counties, including Los Angeles (in which a portion will be subcontracted). The contracts are anticipated to begin in January 2024.

We are also subject to various reviews, audits, and investigations, as well as self-reporting requirements, to verify our compliance with the terms of our contracts with various governmental agencies, as well as compliance with applicable laws and regulations. Any non-compliance with our government contracts, adverse review, audit, or investigation, could result in, among other things: cancellation of our contracts; refunding of amounts we have been paid pursuant to our contracts; imposition of fines, penalties, and other sanctions on us; loss of our right to participate in various programs; increased difficulty in selling our products and services; loss of one or more of our licenses; lowered quality Star ratings; harm to our reputation; or required changes to the way we do business. For example, several states have made claims related to services previously provided by Envolve, which historically provided PBM and specialty pharmacy services, including among other things, (i) seeking payment for services already reimbursed, (ii) not accurately disclosing to the true cost of the PBM services and (iii) inflating dispensing fees for prescription drugs. For additional information, see Note 18. Contingencies to the consolidated financial statements included in Part II of this Annual Report on Form 10-K. Additional claims, reviews, or investigations may still be brought by other states, the federal government, or shareholder litigants, and there is no guarantee we will have the ability to settle such claims with other states within the reserve estimate we have recorded and on other acceptable terms, or at all. In addition, under government procurement regulations and practices, a negative determination resulting from a government audit of our business practices could result in a contractor being fined, debarred, and/or suspended from being able to bid on, or be awarded, new government contracts for a period of time.

If any of our government contracts are terminated, not renewed, renewed on less favorable terms, or not renewed on a timely basis, or if we receive an adverse finding or review resulting from an audit or investigation, our business and reputation may be adversely impacted, our goodwill could be impaired and our financial condition, results of operations, or cash flows may be materially affected.

We contract with independent third-party vendors and service providers who provide services to us and our subsidiaries or to whom we delegate selected functions. Violations of, or noncompliance with, laws and regulations governing our business by such third parties, or governing our dealings with such parties, could, among other things, subject us to additional audits, reviews, investigations, self-reporting requirements, and other adverse effects.

Our business could be materially adversely affected by the effects of widespread public health pandemics, such as COVID-19.

Public health pandemics or widespread outbreaks of contagious diseases, such as COVID-19, could materially adversely impact our business. Our business has been affected by the spread of COVID-19, and the extent to which COVID-19 continues to impact our business will depend on future developments, which are highly uncertain and cannot be predicted with confidence. Factors that may determine the severity of the impact include the duration and scale of the outbreak, new information which may emerge concerning the severity of COVID-19 (including new strains or variants, which may be more contagious, more severe or less responsive to treatment or vaccines), the costs of prevention and treatment of COVID-19 and the potential that we will not receive government reimbursement of additional expenses incurred by our members who contract or require testing for COVID-19 or who experience other health impacts as a result of the pandemic, employee retention, mobility, productivity and utilization of leave and other benefits, financial and other impacts on the healthcare provider community, disruptions or delays in the supply chain for testing and treatment supplies, protective equipment and other products and services, and the actions to contain COVID-19 or address its impact (including laws, regulations and emergency orders, such as stay at home orders, physical distancing requirements, forced business closures and vaccine requirements or mandates and directives related to the timing and scope of vaccine distribution), among other factors. In addition, increased utilization patterns (including deferred demand) have had, and may continue to have, an impact on our business as members' pattern of seeking healthcare fluctuates. Additionally, the spread of COVID-19 has previously caused disruption and volatility in the global capital markets, and future disruptions could adversely impact our access to capital. Finally, the impact of the above items on our government partners could result in program changes or delays or reduced capitation payments to us. We cannot at this time predict the ultimate impact of the COVID-19 pandemic, but it could have a material adverse effect on our business, including our financial condition, results of operations and cash flows.

Ineffectiveness of state-operated systems and subcontractors could adversely affect our business.

A number of our health plans rely on other state-operated systems or subcontractors to qualify, solicit, educate, and assign eligible members into managed care plans. The effectiveness of these state operations and subcontractors can have a material effect on a health plan's enrollment in a particular month or over an extended period. When a state implements either new programs to determine eligibility or new processes to assign or enroll eligible members into health plans, or when it chooses new subcontractors, or has not adequately maintained systems, there is an increased potential for an unanticipated impact on the overall number of members assigned to managed care plans.

Execution of our value creation strategy may create disruptions in our business.

Our value creation strategy requires the successful execution of operational initiatives and change management, which may not occur. These initiatives include contracting with new third-party vendors and are subject to a variety of risks including, without limitation: significant initial investment with the anticipated financial or quality benefits not being realized or not at the levels or on the timing anticipated; delays or challenges in execution; diversion of management's time and attention; our inability to effectively manage significant organizational change negatively impacting our corporate culture; inability of third parties to successfully comply with the terms, transition deadlines, and service levels stated forth in the contracts, and unexpected costs in the completion of initiatives, including as a result of unexpected factors or events.

If we are unable to effectively execute our value creation strategy, our future growth may suffer, and our results of operations could be harmed.

If state regulators do not approve payments of dividends and distributions by our subsidiaries to us, we may not have sufficient funds to implement our business strategy.

We principally operate through our health plan subsidiaries. As part of normal operations, we may make requests for dividends and distributions from our subsidiaries to fund our operations. In addition to state corporate law limitations, these subsidiaries are subject to more stringent state insurance and HMO laws and regulations that limit the amount of dividends and distributions that can be paid to us without prior approval of, or notification to, state regulators. If these regulators were to deny or delay our subsidiaries' requests to pay dividends, the funds available to us would be limited, which could harm our ability to implement our business strategy.

We derive a significant portion of our premium revenues from operations in a number of states, and our results of operations, financial condition, or cash flows could be materially affected by a decrease in premium revenues or profitability in any one of those states.

Operations in a number of states have accounted for a significant portion of our premium revenues to date. If we were unable to continue to operate in any of those states or if our current operations in any portion of one of those states were significantly curtailed, our revenues could decrease materially. Our reliance on operations in a limited number of states could cause our revenues and profitability to change suddenly and unexpectedly depending on legislative or other governmental or regulatory actions and decisions, economic conditions, and similar factors in those states. Government entities in states we currently serve may open the bidding for their Medicaid or other healthcare programs to other health insurers through a request for proposal process. For example, our subsidiary, Health Net of California, was selected by the California DHCS for direct Medicaid contracts in 10 counties, including Los Angeles (in which a portion will be subcontracted). The contracts are anticipated to begin in January 2024. Reductions in our service area or services provided in any of the states in which we operate could harm our business.

Competition may limit our ability to increase penetration of the markets that we serve.

We compete for members principally on the basis of size and quality of provider networks, the design and cost of benefits provided, and quality of service. We compete with numerous types of competitors, including other health plans and traditional state Medicaid programs that reimburse providers as care is provided, as well as technology companies, new joint ventures, financial services firms, consulting firms, and other non-traditional competitors. In addition, the administration of the ACA has the potential to shift the competitive landscape in our segment.

Some of the health plans with which we compete have greater financial and other resources and offer a broader scope of products than we do. In addition, significant merger and acquisition activity continues to occur in the managed care industry, as well as complementary industries, such as the hospital, physician, pharmaceutical, medical device, and health information systems businesses. To the extent that competition intensifies in any market that we serve, as a result of industry consolidation or otherwise, our ability to retain or increase members and providers, or maintain or increase our revenue growth, pricing flexibility, and control over medical cost trends may be adversely affected.

If we are unable to maintain relationships with our provider networks, our profitability may be harmed.

Our profitability depends, in large part, upon our ability to contract at competitive prices with hospitals, physicians, and other healthcare providers. Our provider arrangements with our primary care physicians, specialists, and hospitals generally may be canceled by either party without cause upon 90 to 120 days prior written notice. We cannot provide any assurance that we will be able to continue to renew our existing contracts or enter into new contracts on a timely basis or under favorable terms enabling us to service our members profitably. Healthcare providers with whom we contract may not properly manage the costs of, and access to services, be able to provide effective telehealth services, maintain financial solvency, or avoid disputes with other providers. Any of these events could have a material adverse effect on the provision of services to our members and our operations.

In any particular market, physicians and other healthcare providers could refuse to contract, demand higher payments, or take other actions that could result in higher medical costs or difficulty in meeting regulatory or accreditation requirements, among other things. In some markets, certain healthcare providers, particularly hospitals, physician/hospital organizations, or multi-specialty physician groups, may have significant market positions or near monopolies that could result in diminished bargaining power on our part. In addition, accountable care organizations, practice management companies, which aggregate physician practices for administrative efficiency and marketing leverage, and other organizational structures that physicians, hospitals, and other healthcare providers choose may change the way in which these providers interact with us and may change the competitive landscape. Such organizations or groups of healthcare providers may compete directly with us, which could adversely affect our operations, and our results of operations, financial condition, and cash flows by impacting our relationships with these providers or affecting the way that we price our products and estimate our costs, which might require us to incur costs to change our operations. Provider networks may consolidate or be acquired by our direct competitors, resulting in a reduction in the competitive environment. In addition, if these providers refuse to contract with us, use their market position to negotiate contracts unfavorable to us, or place us at a competitive disadvantage, our ability to market products or to be profitable in those areas could be materially and adversely affected.

From time to time, healthcare providers assert or threaten to assert claims seeking to terminate non-cancelable agreements due to alleged actions or inactions by us. If we are unable to retain our current provider contract terms or enter into new provider contracts timely or on favorable terms, our profitability may be harmed. In addition, from time to time, we may be subject to class action or other lawsuits by healthcare providers with respect to claim payment procedures or similar matters. For example, our wholly owned subsidiary, Health Net Life Insurance Company (HNL), is and may continue to be subject to such disputes with respect to HNL's payment levels in connection with the processing of out-of-network provider reimbursement claims for the provision of certain substance abuse related services. HNL expects to vigorously defend its claims payment practices. Nevertheless, in the event HNL receives an adverse finding in any related legal proceeding or from a regulator or is otherwise required to reimburse providers for these claims at rates that are higher than expected or for claims HNL otherwise believes are unallowable, our financial condition and results of operations may be materially adversely affected. In addition, regardless of whether any such lawsuits brought against us are successful or have merit, they will still be time-consuming and costly and could distract our management's attention. As a result, under such circumstances, we may incur significant expenses and may be unable to operate our business effectively.

If we or our third-party vendors are unable to integrate and manage information systems effectively, our operations could be disrupted.

Our operations and our value creation strategy depend significantly on effective information systems. The information gathered and processed by information systems assists us in, among other things, monitoring utilization and other cost factors, processing provider claims, and providing data to our regulators. Our healthcare providers also depend upon our information systems for membership verifications, claims status, and other information. Our information systems and applications require continual maintenance, upgrading, and enhancement to meet our operational needs and regulatory requirements. We regularly upgrade and expand our information systems' capabilities. If we or our third-party vendors experience difficulties with the transition to or from information systems or do not appropriately integrate, maintain, enhance, or expand information systems, we could suffer, among other things, operational disruptions, loss of existing members and providers, and difficulty in attracting new members and providers, complaints, regulatory problems and increases in administrative expenses. In addition, our or our third-party vendors' ability to integrate and manage information systems may be impaired as the result of events outside our control, including acts of nature, such as earthquakes or fires, or acts of terrorists, which may include cyber-attacks by terrorists or other governmental or non-governmental actors. In addition, we may from time to time obtain significant portions of our systems-related or other services or facilities from independent third parties, which may make our operations vulnerable if such third parties fail to perform adequately.

A failure in or breach of our operational or security systems or infrastructure, or those of third parties with which we do business, including as a result of cyber-attacks, could have a material adverse effect on our business.

Information security risks have significantly increased in recent years in part because of the proliferation of new technologies, the use of the internet and telecommunications technologies to conduct our operations, and the increased sophistication and activities of organized crime, hackers, terrorists, and other external parties, including foreign state agents. Our operations rely on the secure processing, transmission, and storage of confidential, proprietary, and other information in our computer systems and networks as well as those of third parties with which we do business.

Security breaches may arise from external or internal threats. External breaches include hacking personal information for financial gain, attempting to cause harm or interruption to our operations, or intending to obtain competitive information. We experience attempted external hacking or malicious attacks on a regular basis. We maintain a rigorous system of prevention and detection controls through our security programs; however, our prevention and detection controls may not prevent or identify all such attacks on a timely basis, or at all. Internal breaches may result from inappropriate security access to confidential information by rogue employees, consultants, or third-party service providers. Any security breach involving the misappropriation, loss, or other unauthorized disclosure or use of confidential member information, financial data, competitively sensitive information, or other proprietary data, whether by us or a third party, could have a material adverse effect on our business reputation, financial condition, cash flows, or results of operations.

We may be unable to attract, retain or effectively manage the succession of key personnel.

We are highly dependent on our ability to attract and retain qualified personnel to operate and expand our business. We may be adversely impacted if we are unable to adequately plan for the succession of our executives and senior management. While we have succession plans in place for members of our executive and senior management team, these plans do not guarantee that the services of our executive and senior management team will continue to be available to us. Our ability to replace any departed members of our executive and senior management team or other key employees may be difficult and may take an extended period of time because of the limited number of individuals in the Managed Care and Specialty Services industry with the breadth of skills and experience required to operate and successfully expand a business such as ours. Competition to hire from this limited pool is intense, and we may be unable to hire, train, retain, or motivate these personnel. Further, the increased availability of hybrid or remote working arrangements has expanded the pool of companies that can compete for our employees and employment candidates. Our recently adopted modern work environment, including remote and hybrid work arrangements which is utilized by the majority of our employees, may present operational, cybersecurity and workplace culture challenges. If we are unable to attract, retain and effectively manage the succession plans for key personnel, executives, and senior management, our business and financial condition, results of operations or cash flows could be harmed.

An impairment charge with respect to our real estate portfolio, recorded goodwill, and intangible assets could have a material impact on our results of operations.

Changes in business strategy, divestitures, government regulations, or economic or market conditions and non-renewal of government contracts have resulted and may result in impairments of our real estate portfolio, goodwill, and other intangible assets at any time in the future. In connection with our real estate optimization initiative, divestitures and the DoD's December 2022 announcement to not award Health Net Federal Services a TRICARE Managed Care Support Contract, we have recorded a total of $2.3 billion in impairment charges during the year ended December 31, 2022. We anticipate additional future charges of approximately $60 million related to real estate optimization. For additional information, see Note 7. *Goodwill and Intangible Assets* to the consolidated financial statements included in Part II of this Annual Report on Form 10-K. We may have additional impairment charges in connection with our periodic evaluation of our goodwill and intangible assets. Our judgments regarding the existence of impairment indicators are based on, among other things, legal factors, contract terms, market conditions, and operational performance. If an event or events occur that would cause us to revise our estimates and assumptions used in analyzing the value of our goodwill and other intangible assets, such revision could result in a non-cash impairment charge that could have a material impact on our results of operations in the period in which the impairment occurs.

Risks Relating to Regulatory and Legal Matters

Reductions in funding, changes to eligibility requirements for government-sponsored healthcare programs in which we participate, and any inability on our part to effectively adapt to changes to these programs could have a material adverse effect on our results of operations, financial condition, and cash flows.

The majority of our revenues come from government subsidized healthcare programs including Medicaid, Medicare, TRICARE, CHIP, LTSS, ABD, Foster Care, and Health Insurance Marketplace premiums. Changes in these programs could change the number of persons enrolled in or eligible for these programs and increase our administrative and healthcare costs under these programs. For example, we currently expect Medicaid eligibility redeterminations, which have been suspended as a result of COVID-19, to begin on April 1, 2023, which we expect to significantly reduce our membership in our Medicaid programs. We may not be able to offset the loss of this membership by increased enrollment in our Health Insurance Marketplace products. Maintaining current eligibility levels could cause states to reduce reimbursement or reduce benefits in order for states to afford to maintain eligibility levels. If any state in which we operate were to decrease premiums paid to us or pay us less than the amount necessary to keep pace with our cost trends, it could have a material adverse effect on our results of operations, financial condition, and cash flows.

Under most of these programs, the base premium rate paid for each program differs, depending on a combination of factors such as defined upper payment limits, a member's health status, age, gender, county or region, and benefit mix. Since Medicaid was created in 1965, the federal government and the states have shared the costs for this program, with the federal share currently averaging approximately 60%. We are therefore exposed to risks associated with federal and state government contracting or participating in programs involving a government payor, including but not limited to the general ability of the federal and/or state governments to terminate or modify contracts with them, in whole or in part, without prior notice, for convenience or for default based on performance; potential regulatory or legislative action that may materially modify amounts owed; our dependence upon Congressional or legislative appropriation and allotment of funds and the impact that delays in government payments could have on our operating cash flow and liquidity; and other regulatory, legislative or judicial actions that may have an impact on the operations of government subsidized healthcare programs including ongoing litigation involving the ACA. For example, future levels of funding and premium rates may be affected by continuing government efforts to contain healthcare costs and may further be affected by state and federal budgetary constraints. Governments periodically consider reducing or reallocating the amount of money they spend for Medicaid, Medicare, TRICARE, CHIP, LTSS, ABD, and Foster Care. Furthermore, Medicare remains subject to the automatic spending reductions imposed by the Budget Control Act of 2011 and the American Taxpayer Relief Act of 2012 (sequestration), subject to a 2% cap, which was extended by the Bipartisan Budget Act of 2019 through 2029. The Coronavirus Aid, Relief, and Economic Security Act of 2020 temporarily suspended the Medicare sequestration for the period of May 1, 2020 through December 31, 2020, while also extending the mandatory sequestration policy by an additional one year, through 2030. The Bipartisan-Bicameral Omnibus COVID Relief Deal passed in December 2020 further extended the suspension of the Medicare sequestration until March 31, 2021, and the Protecting Medicare and American Farmers from Sequester Cuts Act passed in December 2021 extended the sequester through March 31, 2022 and adjusted the sequester to 1% for the period between April 1, 2022 and June 30, 2022.

In addition, reductions in defense spending could have an adverse impact on certain government programs in which we currently participate by, among other things, terminating or materially changing such programs, or by decreasing or delaying payments made under such programs. Adverse economic conditions may put pressures on state budgets as tax and other state revenues decrease while the population that is eligible to participate in these programs remains steady or increases, creating more need for funding. We anticipate this will require government agencies to find funding alternatives, which may result in reductions in funding for programs, contraction of covered benefits, and limited or no premium rate increases or premium rate decreases. A reduction (or less than expected increase), a protracted delay, or a change in allocation methodology in government funding for these programs, as well as termination of one or more contracts for the convenience of the government, may materially and adversely affect our results of operations, financial condition, and cash flows.

As has been widely reported, the United States Treasury Secretary has stated that the federal government may not be able to meet its debt payments in the relatively near future unless the federal debt ceiling is raised. If legislation increasing the debt ceiling is not enacted and the debt ceiling is reached, the federal government may stop or delay making payments on its obligations, or if another federal government shutdown were to occur for a prolonged period of time, federal government payment obligations, including its obligations under Medicaid, Medicare, TRICARE, CHIP, LTSS, ABD, Foster Care, and the Health Insurance Marketplace, may be delayed. Similarly, if state government shutdowns were to occur, state payment obligations may be delayed. If the federal or state governments fail to make payments under these programs on a timely basis, our business could suffer, and our financial condition, results of operations, or cash flows may be materially affected.

Payments from government payors may be delayed in the future, which, if extended for any significant period of time, could have a material adverse effect on our results of operations, financial condition, cash flows or liquidity. In addition, delays in obtaining, or failure to obtain or maintain, governmental approvals, or moratoria imposed by regulatory authorities, could adversely affect our revenues or membership, increase costs or adversely affect our ability to bring new products to market as forecasted. Other changes to our government programs could affect our willingness or ability to participate in any of these programs or otherwise have a material adverse effect on our business, financial condition, or results of operations.

Significant changes or judicial challenges to the ACA could materially and adversely affect our results of operations, financial condition, and cash flows.

The enactment of the ACA in March 2010 transformed the U.S. healthcare delivery system through a series of complex initiatives; however, the ACA has faced, and continues to face, administrative, judicial and legislative challenges to repeal or change certain of its significant provisions. Changes to portions or the entirety of the ACA, as well as judicial interpretations in response to constitutional and other legal challenges, as well as the uncertainty generated by such actual or potential challenges, could materially and adversely affect our business and financial condition, results of operations or cash flows. The ultimate content, timing, or effect of any potential future legislation or litigation and the outcome of other lawsuits cannot be predicted.

Among the most significant of the ACA's provisions was the establishment of the Health Insurance Marketplace for individuals and small employers to purchase health insurance coverage that included a minimum level of benefits and restrictions on coverage limitations and premium rates, as well as the expansion of Medicaid coverage to all individuals under age 65 with incomes up to 138% of the federal poverty level beginning January 1, 2014, subject to each state's election. The HHS additionally indicated that it would consider a limited number of premium assistance demonstration proposals from states that want to privatize Medicaid expansion. Several states in which we operate have obtained Section 1115 waivers to implement the ACA's Medicaid expansion in ways that extend beyond the flexibility provided by the federal law, with additional states pursuing Section 1115 waivers regarding eligibility criteria, benefits, and cost-sharing, and provider payments across their Medicaid programs. Litigation challenging Section 1115 waiver activity for both new and previously approved waivers is expected to continue both through administrative actions and the courts.

There have been significant efforts from the previous administration to repeal or amend certain provisions of the ACA through changes in regulations. Such initiatives included repeal of the individual mandate effective in 2019, as well as easing the regulatory restrictions placed on short-term health plans and association health plans (AHPs), which plans often provide fewer benefits than the traditional ACA insurance benefits.

Additionally, the U.S. Department of Labor issued a final rule on June 19, 2018, which expanded flexibility regarding the regulation and formation of AHPs provided by small employer groups and associations. On June 13, 2019, the HHS, the U.S. Department of Labor, and the U.S. Treasury issued a final rule allowing employers of all sizes that do not offer a group coverage plan to fund a new kind of health reimbursement arrangement (HRA), known as an individual coverage HRA (ICHRA). Beginning January 1, 2020, employees became able to use employer-funded ICHRAs to buy individual-market insurance, including insurance purchased on the public exchanges formed under the ACA.

It remains uncertain whether or when the current administration will propose changes to restrict these insurance plan options that are not required to meet ACA requirements, and what the impact of such potential changes may be.

The constitutionality of the ACA itself continues to face judicial challenge. The ultimate content, timing or effect of any potential future legislation or litigation and the outcome of other lawsuits cannot be predicted and may be delayed as a result of court closures and reduced court dockets as a result of the COVID-19 pandemic.

In contrast to previous executive and legislative efforts to restrict or limit certain provisions of the ACA, the American Rescue Act, enacted on March 11, 2021, contained provisions aimed at leveraging Medicaid and the Health Insurance Marketplace to expand health insurance coverage and affordability to consumers. The American Rescue Act authorized an additional $1.9 trillion in federal spending to address the COVID-19 public health emergency (PHE), and contained several provisions designed to increase coverage of certain healthcare services, expand eligibility and benefits, incentivize state Medicaid expansion, and adjust federal financing for state Medicaid programs, the ultimate impact of which remain uncertain. The American Rescue Act enhanced eligibility for the advance premium tax credit for certain enrollees in the Health Insurance Marketplace. The Inflation Reduction Act, enacted on August 16, 2022, extended the enhanced eligibility for the advance premium tax credit for Marketplace members through the 2025 tax year.

These changes and other potential changes involving the functioning of the Health Insurance Marketplace as a result of additional new legislation, regulation, executive action, or litigation, including those related to extending enrollment periods, increasing eligibility in the program design, changing the eligibility and amount of the advanced premium tax credit and expanding navigator services, could impact our business and results of operations adversely or in other ways that we do not currently anticipate.

Our business activities are highly regulated and new laws or regulations or changes in existing laws or regulations or their enforcement or application could force us to change how we operate and could harm our business.

Our business is extensively regulated by the states in which we operate and by the federal government. In addition, the managed care industry has received negative publicity that has led to increased legislation, regulation, review of industry practices, and private litigation in the commercial sector. Such negative publicity may adversely affect our stock price and damage our reputation in various markets.

In each of the jurisdictions in which we operate, we are regulated by the relevant insurance, health, and/or human services or government departments that oversee the activities of MCOs providing or arranging to provide services to Medicaid, Medicare, Health Insurance Marketplace enrollees, or other beneficiaries. For example, our health plan subsidiaries, as well as our applicable specialty companies, must comply with minimum statutory capital and other financial solvency requirements, such as deposit and surplus requirements.

The frequent enactment of, changes to, or interpretations of laws and regulations could, among other things: force us to restructure our relationships with providers within our network; require us to implement additional or different programs and systems; restrict revenue and enrollment growth; increase our healthcare and administrative costs; impose additional capital and surplus requirements; and increase or change our liability to members in the event of malpractice by our contracted providers. In addition, changes in political party, or administrations at the state or federal level in the United States or internationally may change the attitude towards healthcare programs and result in changes to the existing legislative or regulatory environment.

Additionally, the taxes and fees paid to federal, state, local, and international governments may increase due to several factors, including: enactment of, changes to, or interpretations of tax laws and regulations, audits by governmental authorities, geographic expansions into higher taxing jurisdictions and the effect of expansions into international markets.

We are often required to maintain a minimum HBR or share profits in excess of certain levels, which may be retroactive. In certain circumstances, our plans have returned premiums back to the states, enrollees, or other beneficiaries in the event profits exceed established levels or HBR does not meet the minimum requirement. The amount of premium returned may include transparent pharmacy pricing and rebate initiatives. Other states may require us to meet certain performance and quality metrics in order to maintain our contract or receive additional or full contractual revenue.

The governmental healthcare programs in which we participate are subject to the satisfaction of certain regulations and performance standards. Regulators require numerous steps for continued implementation of the ACA, including the promulgation of a substantial number of potentially more onerous federal regulations. If we fail to effectively implement or appropriately adjust our operational and strategic initiatives with respect to the implementation of healthcare reform, or do not do so as effectively as our competitors, our results of operations may be materially adversely affected. For example, under the ACA, Congress authorized CMS and the states to implement managed care demonstration programs to serve dually eligible beneficiaries to improve the coordination of their care. Participation in these demonstration programs is subject to CMS approval and the satisfaction of conditions to participation, including meeting certain performance requirements. Our inability to improve or maintain adequate quality scores and Star ratings to meet government performance requirements or to match the performance of our competitors could result in limitations to our participation in or exclusion from these or other government programs. Specifically, several of our Medicaid contracts require us to maintain a Medicare health plan.

In April 2016, CMS issued final regulations that revised existing Medicaid managed care rules by establishing a minimum medical loss ratio standard for Medicaid of 85% and strengthening provisions related to network adequacy and access to care, enrollment and disenrollment protections, beneficiary support information, continued service during beneficiary appeals, and delivery system and payment reform initiatives, among others. On November 13, 2020, CMS finalized revisions to the Medicaid managed care regulations, many of which became effective in December 2020. While not a wholesale revision of the 2016 regulations, the November 2020 final rule adopted changes in areas including network adequacy, beneficiary protections, quality oversight, and the establishment of capitation rates and payment policies. Although we strive to comply with all existing regulations and to meet performance standards applicable to our business, failure to meet these requirements could result in financial fines and penalties. Also, states or other governmental entities may carve out certain services and benefits from the government programs in which we participate, or they may not allow us to continue to participate in their government programs, or we may fail to win procurements to participate in such programs, either of which could materially and adversely affect our results of operations, financial condition, and cash flows.

In addition, as a result of the expansion of our businesses and operations conducted in foreign countries, we face political, economic, legal, compliance, regulatory, operational, and other risks and exposures that are unique and vary by jurisdiction. These foreign regulatory requirements with respect to, among other items, environmental, tax, licensing, intellectual property, privacy, data protection, investment, capital, management control, labor relations, and fraud and corruption regulations are different than those faced by our domestic businesses. In addition, we are subject to U.S. laws that regulate the conduct and activities of U.S.-based businesses operating abroad, such as the FCPA. Any failure to comply with laws and regulations governing our conduct outside the United States or to successfully navigate international regulatory regimes that apply to us could adversely affect our ability to market our products and services, which may have a material adverse effect on our business, financial condition, and results of operations.

Our pharmacy services face regulatory and other risks and uncertainties which could materially and adversely affect our results of operations, financial condition, and cash flows.

Our Centene Pharmacy Services (formerly Envolve Pharmacy Solutions) product historically provided PBM services and continues to provide pharmacy benefits administration and specialty pharmacy services. We have transitioned substantially all of our PBM business to a third party as of January 1, 2023. These businesses are subject to federal and state laws and regulations that, among other requirements, govern the relationships of the business with pharmaceutical manufacturers, physicians, pharmacies, customers, and consumers. For example, several states have made claims related to services provided by Envolve including among other things, (i) seeking payment for services already reimbursed, (ii) not accurately disclosing the true cost of the PBM services, and (iii) inflating dispensing fees for prescription drugs. For additional information, see Note 18. *Contingencies* to the consolidated financial statements included in Part II of this Annual Report on Form 10-K. Additional claims, reviews, or investigations may still be brought by other states, the federal government, or shareholder litigants.

We also conduct business as a mail order pharmacy and specialty pharmacy, which subjects these businesses to extensive federal, state, and local laws and regulations. In addition, federal and state legislatures and regulators regularly consider new regulations for the industry that could materially and adversely affect current industry practices, including the receipt or disclosure of rebates from pharmaceutical companies, the development and use of formularies, and the use of average wholesale prices.

Our specialty pharmacy businesses would be materially and adversely affected by an inability to contract on favorable terms with pharmaceutical manufacturers and other suppliers, including with respect to the structuring of rebates and pricing of new specialty and generic drugs. In addition, our specialty pharmacy businesses could face potential claims in connection with purported errors by our mail order or specialty pharmacies, including in connection with the risks inherent in the authorization, compounding, packaging, and distribution of pharmaceuticals and other healthcare products. Disruptions at any of our mail order or specialty pharmacies due to an event that is beyond our control could affect our ability to process and dispense prescriptions in a timely manner and could materially and adversely affect our results of operations, financial condition, and cash flows.

We have been and may from time to time become involved in costly and time-consuming litigation and other regulatory proceedings, which require significant attention from our management and could adversely affect our business.

From time to time, we are a defendant in lawsuits and regulatory actions and are subject to investigations relating to our business, including, without limitation, medical malpractice claims, claims by members alleging failure to pay for or provide healthcare, claims related to non-payment or insufficient payments for out-of-network services, claims related to network adequacy, claims alleging bad faith, investigations regarding our submission of risk adjuster claims, putative securities class actions, protests and appeals related to Medicaid procurement awards, cybersecurity issues, including those related to our or our third-party vendors' information systems; employment-related disputes, including wage and hour claims, submissions to state agencies related to payments or state false claims acts and claims related to the imposition of new taxes, including but not limited to claims that may have retroactive application. For example, several states have made claims related to services previously provided by Envolve, which historically provided PBM and specialty pharmacy services, including among other things, (i) seeking payment for services already reimbursed, (ii) not accurately disclosing the true cost of the PBM services and (iii) inflating dispensing fees for prescription drugs. For additional information, see Note 18. *Contingencies* to the consolidated financial statements included in Part II of this Annual Report on Form 10-K. Additional claims, reviews, or investigations may be brought by other states, the federal government, or shareholder litigants, and there is no guarantee we will have the ability to settle such claims with other states within the reserve estimate we have recorded, on other acceptable terms, or at all. In addition, regardless of the outcome of any litigation or regulatory proceedings, such proceedings are costly and time-consuming and require significant attention from our management, and could therefore have a material adverse effect on our business and financial condition, results of operations, or cash flows.

If we fail to comply with applicable privacy, security, and data laws, regulations, and standards, including with respect to third-party service providers that utilize sensitive personal information on our behalf, our business, reputation, results of operations, financial condition, and cash flows could be materially and adversely affected.

As part of our normal operations, we collect, process, and retain confidential member information. We are subject to various federal, state, and international laws, regulations, rules, and contractual requirements regarding the use and disclosure of confidential member information, including the Health Insurance Portability and Accountability Act of 1996 (HIPAA), the HITECH Act of 2009, the Gramm-Leach-Bliley Act, and the General Data Protection Regulation, which require us to protect the privacy of medical records and safeguard personal health information we maintain and use. Certain of our businesses are also subject to the Payment Card Industry Data Security Standard, which is a multifaceted security standard that is designed to protect credit card account data as mandated by payment card industry entities. Despite our best attempts to maintain adherence to information privacy and security best practices, as well as compliance with applicable laws, rules, and contractual requirements, our facilities and systems, and those of our third-party service providers may be vulnerable to privacy or security breaches, acts of vandalism or theft, malware or other forms of cyber-attack, misplaced or lost data including paper or electronic media, programming and/or human errors or other similar events. In the past, we have had data breaches resulting in disclosure of confidential or protected health information that have not resulted in any material financial loss or penalty to date. For example, in 2021, we learned that Accellion, a third-party data transfer provider with whom we contract, had a system vulnerability that resulted in unauthorized access to certain sensitive data of our customers, including protected health information, as well as unauthorized access to the data of several of Accellion's other clients. This incident led to putative class action lawsuits that were filed against us and our subsidiaries, Health Net, LLC, Health Net of California, Inc., Health Net Life Insurance Company, Health Net Community Solutions, Inc., and California Health & Wellness, and Accellion on behalf of the affected customers. To date, this incident has not had, and we do not believe that this incident is likely to have a material adverse effect on our business, reputation, results of operations, financial condition, and cash flows. However, there can be no assurance that this incident and other privacy or security breaches will not require us to expend significant resources to remediate any damage, interrupt our operations and damage our business or reputation, subject us to state, federal, or international agency review, and result in enforcement actions, material fines and penalties, litigation or other actions which could have a material adverse effect on our business, reputation, results of operations, financial condition, and cash flows.

In addition, HIPAA broadened the scope of fraud, waste and abuse laws applicable to healthcare companies and established enforcement mechanisms to combat fraud, waste and abuse, including civil and, in some instances, criminal penalties for failure to comply with specific standards relating to the privacy, security and electronic transmission of protected health information. The HITECH Act expanded the scope of these provisions by mandating individual notification in instances of breaches of protected health information, providing enhanced penalties for HIPAA violations, and granting enforcement authority to states' Attorneys General in addition to the HHS Office for Civil Rights. It is possible that Congress may enact additional legislation in the future to increase the amount or application of penalties and to create a private right of action under HIPAA, which could entitle patients to seek monetary damages for violations of the privacy rules.

If we fail to comply with the extensive federal and state fraud, waste and abuse laws, our business, reputation, results of operations, financial condition, and cash flows could be materially and adversely affected.

We, along with other companies involved in public healthcare programs, have been, and from time to time are, the subject of federal and state fraud, waste and abuse investigations. The regulations and contractual requirements applicable to participants in these public sector programs are complex and subject to change. Violations of fraud, waste and abuse laws applicable to us could result in civil monetary penalties, criminal fines and imprisonment, and/or exclusion from participation in Medicaid, Medicare, TRICARE, and other federal healthcare programs and federally funded state health programs. Fraud, waste and abuse prohibitions encompass a wide range of activities, including kickbacks for referral of members, incorrect and unsubstantiated billing or billing for unnecessary medical services, improper marketing, and violations of patient privacy rights. These fraud, waste and abuse laws include the federal False Claims Act, which prohibits the known filing of a false claim or the known use of false statements to obtain payment from the federal government, and the federal anti-kickback statute, which prohibits the payment or receipt of remuneration to induce referrals or recommendations of healthcare items or services. Many states have fraud, waste and abuse laws, including false claim act and anti-kickback statutes that closely resemble the federal False Claims Act and the federal anti-kickback statute. In addition, the Deficit Reduction Act of 2005 encouraged states to enact state-versions of the federal False Claims Act that establish liability to the state for false and fraudulent Medicaid claims and that provide for, among other things, claims to be filed by *qui tam* relators (private parties acting on the government's behalf). Federal and state governments have made investigating and prosecuting healthcare fraud, waste and abuse a priority. In the event we fail to comply with the extensive federal and state fraud, waste and abuse laws, our business, reputation, results of operations, financial condition, and cash flows could be materially and adversely affected.

We might be adversely impacted by tax legislation or challenges to our tax positions.

We are subject to the tax laws in the U.S. at the federal, state, and local government levels and to the tax laws of other jurisdictions in which we operate. Tax laws might change in ways that adversely affect our tax positions, effective tax rate, and cash flow. In August 2022, the U.S. federal government enacted the Inflation Reduction Act, which imposed a 15% corporate minimum tax on certain large corporations and a 1% tax on share repurchases after December 31, 2022. The tax laws are extremely complex and subject to varying interpretations. We are subject to tax examinations in various jurisdictions that might assess additional tax liabilities against us. Our tax reporting positions might be challenged by relevant tax authorities, we might incur significant expense in our efforts to defend those challenges, and we might be unsuccessful in those efforts. Developments in examinations and challenges might materially change our provision for taxes in the affected periods and might differ materially from our historical tax accruals. Any of these risks might have a material adverse impact on our business, results of operations, financial condition, and cash flows.

Risks Relating to Conditions in the Financial Markets and Economy

Our investment portfolio may suffer losses which could materially and adversely affect our results of operations or liquidity.

We maintain a significant investment portfolio of cash equivalents and short-term and long-term investments in a variety of securities, which are subject to general credit, liquidity, market, and interest rate risks and will decline in value if interest rates increase or one of the issuers' credit ratings is reduced. As a result, we may experience a reduction in value or loss of our investments, which may have an adverse effect on our results of operations, liquidity, and financial condition.

Adverse credit market conditions may have a material adverse effect on our liquidity or our ability to obtain credit on acceptable terms.

In the past, the securities and credit markets have experienced extreme volatility and disruption. The availability of credit, from virtually all types of lenders, has at times been restricted. In the event we need access to additional capital to pay our operating expenses, fund subsidiary surplus requirements, make payments on or refinance our indebtedness, pay capital expenditures, or fund acquisitions, our ability to obtain such capital may be limited and the cost of any such capital may be significant, particularly if we are unable to access our existing revolving credit facility.

Our access to additional financing will depend on a variety of factors such as prevailing economic and credit market conditions, the general availability of credit, the overall availability of credit to our industry, our credit ratings and credit capacity, and perceptions of our financial prospects. Similarly, our access to funds may be impaired if regulatory authorities or rating agencies take negative actions against us. If one or any combination of these factors were to occur, our internal sources of liquidity may prove to be insufficient, and in such case, we may not be able to successfully obtain sufficient additional financing on favorable terms, within an acceptable time, or at all.

We have substantial indebtedness outstanding and may incur additional indebtedness in the future. Such indebtedness could reduce our agility and may adversely affect our financial condition.

As of December 31, 2022, we had consolidated indebtedness of $18.0 billion. We may further increase or refinance our indebtedness in the future.

This may have the effect, among other things, of reducing our flexibility to respond to changing business and economic conditions and increasing borrowing costs.

Among other things, our revolving credit facility and term loan facility (collectively, the Company Credit Facility) and the indentures governing our notes require us to comply with various covenants that impose restrictions on our operations, including our ability to incur additional indebtedness, create liens, pay dividends, make certain investments or other restricted payments, sell or otherwise dispose of substantially all of our assets and engage in other activities. Our Company Credit Facility also requires us to comply with a maximum debt to EBITDA ratio and a minimum fixed charge coverage ratio. These restrictive covenants could limit our ability to pursue our business strategies. In addition, any failure by us to comply with these restrictive covenants could result in an event of default under our Company Credit Facility and, in some circumstances, under the indentures governing our notes, which, in any case, could have a material adverse effect on our financial condition.

Phasing out of LIBOR may increase our interest expense or affect the value of the financial obligations to be held or issued by us that are linked to LIBOR, which may adversely affect our financial condition.

As of December 31, 2022, borrowings under our Company Credit Facility bear interest based upon various reference rates, including LIBOR. LIBOR is expected to transition to Secured Overnight Financing Rate (SOFR), a new index calculated by short-term repurchase agreements backed by treasury securities, on or about June 30, 2023. We believe that our credit agreement allows SOFR to be used as the new reference rate upon LIBOR's discontinuance. However, our interest expense could increase and our available cash flow for general corporate requirements may be adversely affected. Additionally, the phase-out of LIBOR may cause disruption in the overall financial markets and other reforms could have an adverse impact on the market for, or value of, any LIBOR-linked securities, loans, and other financial obligations or extensions of credit held by or due to us or on our overall financial condition or results of operations.

Risks Associated with Mergers, Acquisitions, and Divestitures

Mergers and acquisitions may not perform as expected and we may not realize the savings expected from divestitures, which may cause the market price of our common stock to decline.

The market price of our common stock is generally subject to volatility, and there can be no assurances regarding the level or stability of our share price at any time. The market price of our common stock may decline as a result of acquisitions and divestitures if, among other things, we are unable to achieve the expected cost and revenue synergies or growth in earnings, the operational cost savings estimates are not realized as rapidly or to the extent anticipated, the transaction costs related to the acquisitions or divestitures are greater than expected or if any financing related to the transactions is on unfavorable terms. The market price also may decline if we do not achieve the perceived benefits of the acquisitions and divestitures as rapidly or to the extent anticipated by financial or industry analysts or if the effect of the acquisitions and divestitures on our financial condition, results of operations, or cash flows is not consistent with the expectations of financial or industry analysts.

We may be unable to successfully integrate our existing business with acquired businesses and realize the anticipated benefits of such acquisitions.

We may acquire health plans participating in government-sponsored healthcare programs and specialty services businesses, contract rights, and related assets of other health plans both in our existing service areas and in new markets and start-up operations in new markets or new products in existing markets. Although we review the records of companies or businesses we plan to acquire, it is possible that we could assume unanticipated liabilities or adverse operating conditions. In addition, the success of acquisitions we make will depend, in part, on our ability to successfully combine the existing business of Centene with such acquired businesses and realize the anticipated benefits, including synergies, cost savings, growth in earnings, innovation, and operational efficiencies, from the combinations. If we are unable to achieve these objectives within the anticipated time frame, or at all, the anticipated benefits may not be realized fully or at all, or may take longer to realize than expected and the value of our common stock may be harmed.

The integration of acquired businesses with our existing business is a complex, costly, and time-consuming process. The integration may result in material challenges, including, without limitation:

- the diversion of management's attention from ongoing business concerns and performance shortfalls as a result of the devotion of management's attention to the integration;
- managing a larger company;
- maintaining employee morale and retaining key management and other employees;
- the possibility of faulty assumptions underlying expectations regarding the integration process;
- retaining existing business and operational relationships and attracting new business and operational relationships;
- consolidating corporate and administrative infrastructures and eliminating duplicative operations;
- coordinating geographically separate organizations;
- unanticipated issues in integrating information technology, communications, and other systems;
- unanticipated changes in federal or state laws or regulations, including the ACA and any regulations enacted thereunder;
- unforeseen expenses or delays associated with the acquisition and/or integration;
- achieving actual cost savings at the anticipated levels; and
- decreases in premiums paid under government-sponsored healthcare programs by any state in which we operate.

Many of these factors will be outside of our control and any one of them could result in delays, increased costs, decreases in the amount of expected revenues, and diversion of management's time and energy, which could materially affect our financial condition, results of operations, and cash flows. Our ability to successfully manage the expanded business following any given acquisition will depend, in part, upon management's ability to design and implement strategic initiatives that address not only the integration of two independent stand-alone companies, but also the increased scale and scope of the combined business with its associated increased costs and complexity. There can be no assurances that we will be successful in managing our expanded operations as a result of acquisitions or that we will realize the expected growth in earnings, operating efficiencies, cost savings, and other benefits.

Our business and results of operations may be materially adversely affected if we fail to manage and complete divestitures.

We regularly evaluate our portfolio to determine whether an asset or business is still consistent with our business strategy or whether there may be a more advantaged owner for that asset or business. When we decide to sell assets or a business, we may encounter difficulty finding buyers or alternative exit strategies, which could delay the achievement of our business strategy. Further, divestitures may be delayed due to failure to obtain required approvals on a timely basis, if at all, from governmental authorities, or may become more difficult to execute due to conditions placed upon approval that could, among other things, delay or prevent us from completing a transaction, or otherwise restrict our ability to realize the expected financial or strategic goals of a transaction. We might have financial exposure in a divested business, such as through minority equity ownership, financial or performance guarantees, indemnities, or other obligations, such that conditions outside of our control might negate the expected benefits of the disposition.

Item 1B. ***Unresolved Staff Comments***

None.

Item 2. ***Properties***

We own our corporate office headquarters buildings and land located in St. Louis, Missouri, which is used by each of our reportable segments. We generally lease space in the states where our health plans, specialty companies, and claims processing facilities operate. We are required by various insurance and regulatory authorities to have offices in the service areas where we provide benefits.

In connection with the adoption of a more modern, flexible work environment, we undertook a real estate optimization initiative to evaluate future real estate needs and downsize our real estate footprint for owned and leased properties. As a result of this evaluation, we substantially changed the use or abandoned various properties and recognized an impairment charge for the year ended December 31, 2022.

We believe our current facilities are adequate to meet our operational needs for the foreseeable future.

Item 3. ***Legal Proceedings***

A description of the legal proceedings to which we and our subsidiaries are a party is contained in Note 18. *Contingencies* to the consolidated financial statements included in Part II of this Annual Report on Form 10-K, and is incorporated herein by reference.

Item 4. ***Mine Safety Disclosures***

Not applicable.

PART II

Item 5. ***Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities***

Market for Common Stock

Our common stock has been traded and quoted on the New York Stock Exchange (NYSE) under the symbol "CNC" since October 16, 2003.

Stockholders

As of February 17, 2023, there were 1,036 holders of record of our common stock.

Issuer Purchases of Equity Securities

In 2022, our Board of Directors authorized increases to the Company's existing stock repurchase program, including $3.0 billion in June 2022 and an additional $2.0 billion in December 2022. With these increases, the Company is authorized to repurchase up to $6.0 billion.

The stock repurchase program is effected primarily through regular open-market purchases (which may include repurchase plans designed to comply with Rule 10b5-1 and accelerated share repurchases), the amounts and timing of which are subject to our discretion as part of our capital allocation strategy, and may be based upon general market conditions and the prevailing price and trading volumes of our common stock. No duration has been placed on the repurchase program. We reserve the right to discontinue the repurchase program at any time.

Issuer Purchases of Equity Securities
Fourth Quarter 2022
(Shares in thousands)

Period	Total Number of Shares Purchased [1]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ($ in millions) [2]
October 1, 2022 - October 31, 2022 [3]	3,842	$ 69.25	3,840	$ 2,150
November 1, 2022 - November 30, 2022	12,105	83.05	12,095	1,146
December 1, 2022 - December 31, 2022	4,306	84.04	4,046	2,806
Total	20,253	$ 80.64	19,981	$ 2,806

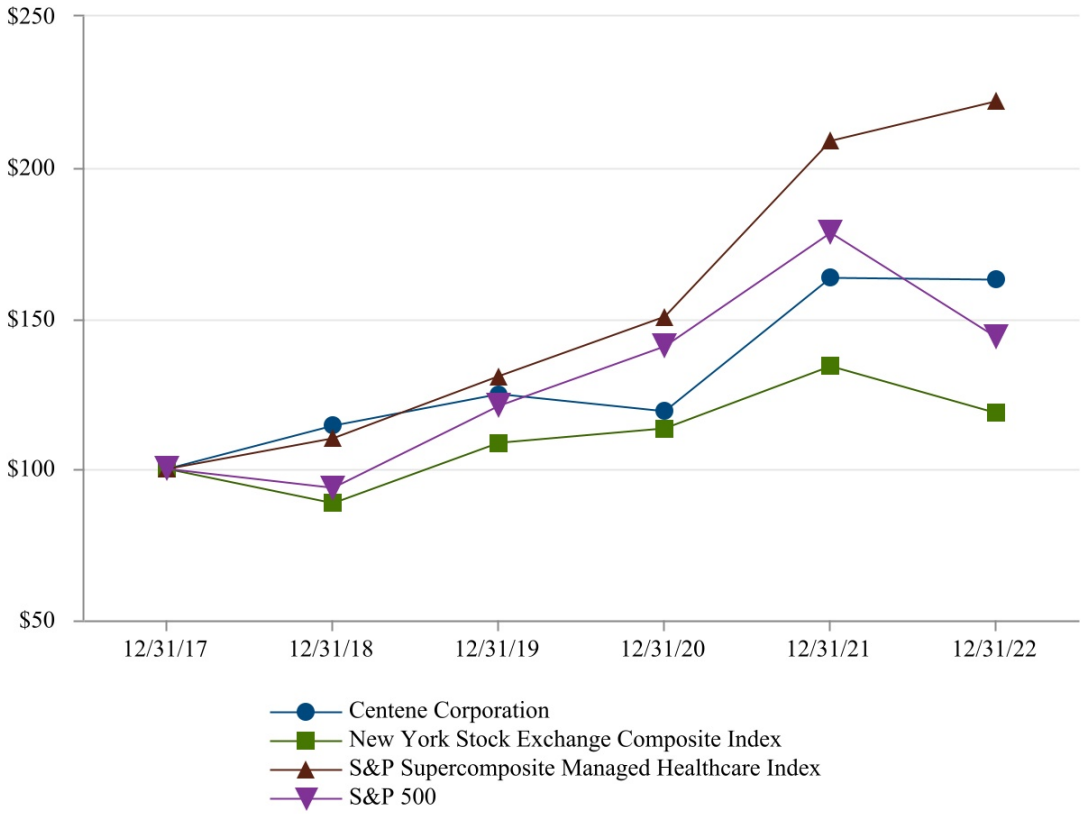
[1] Shares purchased through a publicly announced plan or program and shares relinquished to the Company by certain employees for payment of taxes or option cost upon vesting of restricted stock units or option exercise.

[2] In December 2022, the Company's Board of Directors authorized an additional $2.0 billion increase to the stock repurchase program. A remaining amount of approximately $2.8 billion is available under the program as of December 31, 2022.

[3] Includes 3.0 million shares delivered through an accelerated share repurchase (ASR) initiated in July 2022, which was settled based on the volume-weighted average price (VWAP) over the term of the agreement, less a discount, of $86.21. See Note 12. *Stockholders' Equity* for additional information.

Stock Performance Graph

The graph below compares the cumulative total stockholder return on our common stock for the period from December 31, 2017 to December 31, 2022, with the cumulative total return of the New York Stock Exchange Composite Index, the Standard & Poor's Supercomposite Managed Healthcare Index and the Standard & Poor's 500 over the same period. Standard & Poor's 500 is included because our common stock is within the index. The graph assumes an investment of $100 on December 31, 2017 in our common stock (at the last reported sale price on such day), the New York Stock Exchange Composite Index, the Standard & Poor's Supercomposite Managed Healthcare Index, and the Standard & Poor's 500 and assumes the reinvestment of any dividends.



	December 31,					
	2017	2018	2019	2020	2021	2022
Centene Corporation	$ 100.00	$ 114.29	$ 124.64	$ 119.01	$ 163.36	$ 162.59
New York Stock Exchange Composite Index	100.00	88.80	108.62	113.40	134.00	118.55
S&P Supercomposite Managed Healthcare Index	100.00	110.28	130.84	150.30	208.61	221.73
S&P 500	100.00	93.76	120.84	140.49	178.27	143.61
Centene Corporation closing stock price	$ 50.44	$ 57.65	$ 62.87	$ 60.03	$ 82.40	$ 82.01
Centene Corporation annual stockholder return	78.5 %	14.3 %	9.1 %	(4.5)%	37.3 %	(0.5)%

In accordance with the rules of the SEC, the information contained in the Stock Performance Graph on this page shall not be deemed to be "soliciting material," or to be "filed" with the SEC or subject to the SEC's Regulation 14A, or to the liabilities of Section 18 of the Exchange Act, except to the extent that Centene specifically requests that the information be treated as soliciting material or specifically incorporates it by reference into a document filed under the Securities Act, or the Exchange Act.

Item 6. ***Reserved.***

ITEM 7. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes included elsewhere in this filing. The discussion contains forward-looking statements that involve known and unknown risks and uncertainties, including those set forth under Part I, Item 1A."Risk Factors" of this Form 10-K. The following discussion and analysis does not include certain items related to the year ended December 31, 2020, including year-to-year comparisons between the year ended December 31, 2021 and the year ended December 31, 2020. For a comparison of our results of operations for the fiscal years ended December 31, 2021 and December 31, 2020, see Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations of our Annual Report on Form 10-K for the year ended December 31, 2021, filed with the SEC on February 22, 2022.

EXECUTIVE OVERVIEW

Mission

We are a leading healthcare enterprise, committed to helping people live healthier lives, with an established expertise in lower-income and medically complex populations. We provide access to high-quality healthcare, innovative programs, and a wide range of health solutions that help families and individuals get well, stay well, and be well. We believe that our local approach enables us to provide accessible, quality, culturally sensitive healthcare coverage to our communities.

We feel we have a competitive advantage being on the ground, enabling us to establish strong relationships with our partners and providing us with first-hand knowledge, which allows us to provide the best possible care to our members. We have a commitment to the communities and people we serve to transform their health at the local level. In 2022, when members of the Uvalde, Texas community faced unbelievable tragedy, we showed up to help serve their short-term needs and have since made an investment in a multipurpose community center in the city through our charitable foundation, just one example of our mission in action.

Our record of organic growth and strategic acquisitions has given us the size, scale, and privilege of providing local high-quality and affordable health care to more than 27 million Americans. As of December 31, 2022, we were the largest Medicaid health insurer in the country, serving 16 million Medicaid recipients in 29 states. We were the largest Marketplace carrier, serving 2.1 million members across 27 states, and served 1.5 million Medicare members across 36 states, with the highest concentration of lower-income, medically complex members.

While we are transforming our operating model to take advantage of our national scale, our commitment to remain local in the communities we serve will not change.

General

Our results of operations depend on our ability to manage expenses associated with health benefits (including estimated costs incurred) and selling, general and administrative (SG&A) costs. We measure operating performance based upon two key ratios. The health benefits ratio (HBR) represents medical costs as a percentage of premium revenues, excluding premium tax revenues that are separately billed, and reflects the direct relationship between the premiums received and the medical services provided. The SG&A expense ratio represents SG&A costs as a percentage of premium and service revenues, excluding premium taxes separately billed.

Value Creation Plan

We established our Value Creation Plan to drive margin expansion by leveraging our scale and generating sustainable, profitable growth. In addition to creating shareholder value, this plan is an ongoing effort to modernize and improve how we work in order to propel our organization to new levels of success and elevate the member and provider experiences. The three major pillars of the Value Creation Plan are: SG&A expense savings, gross margin expansion, and strategic capital management.

As part of our Value Creation Plan, we are assessing our portfolio and are focused on making strategic decisions and investments to create additional value in the short-term and to seek opportunities that position the organization for long-term strength, profitability, growth, and innovation. We continue to move forward with our value creation initiatives including the streamlining of certain operations, such as key call centers and utilization management, and have begun early-stage platform consolidations. Building on that foundation, we intend to drive sustainable, profitable growth and long-term value to our members and shareholders.

During 2022, we completed the following key milestones in our Value Creation Plan:

- Initiated a reduction of our real estate footprint following a strategic review of our real estate portfolio resulting in a $1.6 billion impairment related to leased and owned real estate and related fixed assets. This represents an approximate 70% decrease in domestic leased space and is expected to result in annualized lease expense savings of more than $200 million.

- Signed a multi-year contract with Express Scripts, Inc. to provide our pharmacy benefit services, commencing in 2024. The new pharmacy benefits management (PBM) contract is expected to drive significant value in 2024 and beyond.

- Completed the divestitures of PANTHERx Rare (PANTHERx), our Spanish and Central European businesses, and Magellan Rx.

- Completed $3.0 billion of common stock repurchases, $318 million of senior note repurchases, repaid our $180 million construction loan, and repaid over $100 million in revolver and term loan borrowings. Common stock and debt repurchases were funded primarily through proceeds from divestitures and free cash flow generated from operations.

In addition, in January 2023, we completed the divestitures of Magellan Specialty Health, Centurion, and HealthSmart.

Segments Update

In early 2023, and in conjunction with our updated strategic plan, executive leadership realignment, and corresponding 2023 divestitures, we have revised the way we manage the business, evaluate performance, and allocate resources, resulting in an updated segment structure comprised of (1) a Medicaid segment, (2) a Medicare segment, (3) a Commercial segment and (4) an Other segment. We will begin reporting under this new segment structure in 2023.

Acquisitions and Divestitures

In January 2022, we acquired all of the issued and outstanding shares of Magellan Health, Inc. (Magellan). Total consideration for the acquisition was $2.5 billion, consisting of $2.4 billion in cash and $60 million related to the fair value of replacement equity awards associated with pre-combination service.

In connection with our portfolio review and strategic plan to exit the PBM business, during 2022 we divested PANTHERx and Magellan Rx. We completed the divestiture of PANTHERx in July 2022 for $1.4 billion and recognized a gain of $490 million, or $382 million after-tax. In December 2022, we completed the divestiture of Magellan Rx for $1.3 billion and recognized a gain of $269 million, or $99 million after-tax.

Additionally, as part of our review of strategic alternatives for our international portfolio, in November 2022 we divested our ownership stakes in our Spanish and Central European businesses and as a result recorded an impairment charge of $163 million, or $140 million after-tax.

The above-noted acquisitions and divestitures are significant drivers of the year-over-year variances discussed throughout this section.

In January 2023, we completed the divestitures of Magellan Specialty Health, Centurion, our prison healthcare business, and HealthSmart, our third party health plan administration business.

Regulatory Trends and Uncertainties

The United States government, policymakers, and healthcare experts continue to discuss and debate various elements of the United States healthcare model. We remain focused on the promise of delivering access to high-quality, affordable healthcare to all of our members and believe we are well positioned to meet the needs of the changing healthcare landscape.

In contrast to previous executive and legislative efforts to restrict or limit certain provisions of the Affordable Care Act (ACA), the American Rescue Plan Act (ARPA), enacted in March 2021, contained provisions aimed at leveraging Medicaid and the Health Insurance Marketplace to expand health insurance coverage and affordability to consumers. The ARPA authorized an additional $1.9 trillion in federal spending to address the COVID-19 public health emergency (PHE), and contained several provisions designed to increase coverage of certain healthcare services, expand eligibility and benefits, incentivize state Medicaid expansion, and adjust federal financing for state Medicaid programs, the ultimate impact of which remain uncertain.

The ARPA initially enhanced eligibility for the advance premium tax credit for enrollees in the Health Insurance Marketplace, which was extended through the 2025 tax year by the Inflation Reduction Act, enacted in August 2022.

In October 2022, the Treasury Department issued a final rule to address the family glitch in the ACA, which relates to determining who is eligible for premium subsidies. We see this as a significant step in making Marketplace more affordable for working families.

The COVID-19 pandemic has impacted and may continue to affect our business. The Families First Coronavirus Response Act, enacted in March 2020, increased federal matching rates for state Medicaid programs with a requirement that states suspend Medicaid redeterminations throughout the PHE. As a result, since the onset of the PHE, our Medicaid membership has increased by 3.2 million members (excluding the new North Carolina and Missouri membership). The Consolidated Appropriations Act, 2023, signed into law on December 29, 2022, delinked the Medicaid continuous coverage requirements from the PHE and, as a result, states can begin Medicaid disenrollments on April 1, 2023. All pending redeterminations must be initiated within 12 months, by March 31, 2024, and be concluded by May 31, 2024. Our Ambetter Health product covers the majority of our Medicaid states, and we believe we are among the best positioned in the healthcare market to capture those transitioning coverage through redeterminations. We remain agile in working with our state partners and are prepared to support our members and promote continuity of coverage when redeterminations resume. Although Medicaid continuous coverage requirements were decoupled from the PHE, we are working to prepare for other provisions still tied to the end of the PHE including COVID costs and coverage requirements, various other payment structures, and electronic prescribing of controlled substances.

We have more than three decades of experience, spanning seven presidents from both sides of the aisle, in delivering high-quality healthcare services on behalf of states and the federal government to under-insured and uninsured families, commercial organizations, and military families. This expertise has allowed us to deliver cost-effective services to our government sponsors and our members. While healthcare experts maintain a focus on personalized healthcare technology, we continue to make strategic decisions to accelerate the development of new software platforms and analytical capabilities. We continue to believe we have both the capacity and capability to successfully navigate industry changes to the benefit of our members, customers, and shareholders.

For additional information regarding regulatory trends and uncertainties, see Part I, Item 1 "*Business - Regulation*" and Item 1A, "*Risk Factors*."

2022 Highlights

Our financial performance for 2022 is summarized as follows:

- Year-end membership of 27.1 million, an increase of 1.2 million members, or 5% over 2021.
- Total revenues of $144.5 billion, representing 15% growth year-over-year.
- Premium and service revenues of $135.5 billion, representing 15% growth year-over-year.
- HBR of 87.7% for 2022, compared to 87.8% for 2021.
- SG&A expense ratio of 8.6% for 2022, compared to 8.1% for 2021.
- Adjusted SG&A expense ratio of 8.4% for 2022, compared to 7.9% for 2021.
- Diluted earnings per share (EPS) of $2.07 for 2022, compared to $2.28 for 2021.
- Adjusted diluted EPS of $5.78 for 2022, compared to $5.15 for 2021.
- Operating cash flows of $6.3 billion, or 5.2 times net earnings, for 2022.

A reconciliation from GAAP diluted EPS to Adjusted Diluted EPS is highlighted below, and additional detail is provided under the heading "*Non-GAAP Financial Presentation*":

	Year Ended December 31,	
	2022	2021
GAAP diluted EPS attributable to Centene	$ 2.07	$ 2.28
Amortization of acquired intangible assets	1.40	1.31
Acquisition and divestiture related expenses	0.36	0.31
Other adjustments [(1)]	2.65	2.16
Income tax effects of adjustments [(2)]	(0.70)	(0.91)
Adjusted Diluted EPS	$ 5.78	$ 5.15

[(1)] Other adjustments include the following pre-tax items:

2022:

(a) real estate impairments of $1,642 million, or $2.82 per share ($2.08 after-tax); PANTHERx divestiture gain of $490 million, or $0.84 per share ($0.65 after-tax); impairments of assets associated with the divestitures of our Spanish and Central European, Centurion, and HealthSmart businesses of $458 million, or $0.78 per share ($0.60 after-tax); Magellan Rx divestiture gain of $269 million, or $0.46 per share ($0.17 after-tax); Health Net Federal Services asset impairment of $233 million, or $0.40 per share ($0.39 after-tax); gain on debt extinguishment of $27 million, or $0.04 per share ($0.03 after-tax); increase to the previously reported gain on the divestiture of U.S. Medical Management (USMM) due to the finalization of working capital adjustments of $13 million, or $0.02 per share ($0.02 after-tax); and costs related to the PBM legal settlement of $6 million, or $0.01 per share ($0.00 after-tax).

2021:

(b) PBM legal settlement expense of $1,264 million, or $2.14 per share ($1.76 after-tax); gain related to the acquisition of the remaining 60% interest of Circle Health of $309 million, or $0.52 per share ($0.52 after-tax); impairment of our equity method investment in RxAdvance of $229 million, or $0.39 per share ($0.32 after-tax); gain related to the divestiture of USMM of $150 million, or $0.25 per share ($0.23 after-tax); debt extinguishment costs of $125 million, or $0.21 per share ($0.16 after-tax); reduction to the previously reported gain on divestiture of certain products of our Illinois health plan of $62 million, or $0.10 per share ($0.08 after-tax); and severance costs due to a restructuring of $54 million, or $0.09 per share ($0.06 after-tax).

[(2)] The income tax effects of adjustments are based on the effective income tax rates applicable to each adjustment. In addition, the year ended December 31, 2022, includes tax expense of $107 million, or $0.18 per share, related to the Magellan Specialty Health divestiture and a $15 million, or $0.03 per share, tax benefit related to the RxAdvance impairment.

Current and Future Operating Drivers

The following items contributed to our results of operations as compared to the previous year:

Medicaid

- In October 2022, the state of Ohio removed pharmacy services in connection with the state's transition from managed care to a single PBM.
- In July 2022, our subsidiary, Home State Health, commenced the MO HealthNet Managed Care General Plan and Specialty Plan contracts. Under the General Plan, Home State Health continues to serve multiple MO HealthNet programs including Children's Health Insurance members and the state's newly implemented Medicaid expansion population, across all regions of Missouri. Additionally, as the sole provider of the newly awarded Specialty Plan, Home State Health now serves approximately 52,100 foster children and children receiving adoption subsidy assistance.
- In January 2022, the state of California carved out pharmacy services in connection with the state's transition of pharmacy services from managed care to fee-for-service.
- In July 2021, we began operating under two new statewide contracts in Hawaii to continue administering covered services to eligible Medicaid and Children's Health Insurance Program (CHIP) members for medically necessary medical, behavioral health, and long-term services and support and to continue administering services through the Community Care Services program in partnership with the Hawaii Department of Human Services' Med-QUEST Division.
- In July 2021, our subsidiary, WellCare of North Carolina, commenced operations under a new statewide contract in North Carolina providing Medicaid managed care services. In addition, we also began operating under a new contract to provide Medicaid managed care services in three regions in North Carolina through our provider-led North Carolina joint venture, Carolina Complete Health.
- Beginning in 2020, the federal government issued a PHE which suspended Medicaid eligibility redeterminations. The ongoing suspensions, which have been extended to April 2023, have driven increased membership.

Medicare

- In 2022, we experienced strong Medicare membership growth as a result of the 2022 annual enrollment period. We introduced WellCare into three new states, as well as expanded coverage to 327 new counties across existing states. We now serve members in 36 states across the country in 1,575 counties. We were negatively impacted by the decrease in the number of our Medicare members in a 4.0 star or above plan for the 2021 rating year (2022 revenue year).

Commercial

- In 2022, our Health Insurance Marketplace product, Ambetter Health, was introduced into five new states, as well as expanded coverage to 274 new counties across 13 existing states. During 2022, we served Marketplace members in 27 states across the country in 1,480 counties. Additionally, we introduced three new Ambetter Health product offerings to address the growing needs of our members: Ambetter Value, Ambetter Select, and Ambetter Virtual Access.

Specialty and Other

- In December 2022, we completed the divestiture of Magellan Rx, which was part of the Magellan business acquired in January 2022.
- In November 2022, we completed the divestiture of our ownership stakes in our Spanish and Central European businesses, including Ribera Salud, Torrejón Salud, and Pro Diagnostics Group.
- In July 2022, we completed the divestiture of PANTHERx.
- In January 2022, we acquired all of the issued and outstanding shares of Magellan.

- In December 2021, we sold a majority stake in USMM, our physician home health business.

- In July 2021, we acquired the remaining interest in our equity method investment in Circle Health, one of the U.K.'s largest independent operators of hospitals.

We expect the following items to impact our future results of operations:

Medicaid

- In February 2023, our subsidiary, Buckeye Health Plan, commenced the Medicaid contract awarded by the Ohio Department of Medicaid to continue servicing members with quality healthcare, coordinated services, and benefits.

- In January 2023, our subsidiary, Delaware First Health, commenced its contract for the statewide Medicaid managed care programs.

- In January 2023, our subsidiary, Louisiana Healthcare Connections, commenced the Medicaid contract awarded by the Louisiana Department of Health to continue administering quality, integrated healthcare services to members across the state.

- In January 2023, our subsidiary, Managed Health Services, commenced the contract awarded by the Indiana Department of Administration to continue serving Hoosier Healthwise and Health Indiana Plan members with Medicaid and Medicaid alternative managed care and care coordination services.

- In December 2022, our subsidiary, Health Net of California, was selected by the California Department of Health Care Services for direct Medicaid contracts in 10 counties, including Los Angeles (in which a portion will be subcontracted). The contracts are anticipated to begin in January 2024.

- In September 2022, our subsidiary, Nebraska Total Care, was awarded the Nebraska Department of Health and Human Services statewide Medicaid managed care contract. Under the new contract, Nebraska Total Care will continue serving the state's Medicaid Managed Care Program, known as Heritage Health. The new contract term is five years and includes the option for two, one-year renewals. The contract is anticipated to begin in January 2024, subject to the resolution of third-party protests.

- In September 2022, our subsidiary, Superior HealthPlan (Superior), was awarded a new, six-year contract by the Texas Health and Human Services Commission to continue providing youth in foster care with healthcare coverage through the STAR Health Medicaid program. Superior has been the sole provider of STAR Health coverage since the program launched in 2008. The contract is anticipated to begin in September 2023.

- In August 2022, our subsidiary, Magnolia Health Plan (Magnolia), was awarded the Mississippi Division of Medicaid contract. Under the new contract, Magnolia will continue serving the state's Coordinated Care Organization Program, which will consist of the Mississippi Coordinated Access Network and the Mississippi CHIP. The contract is anticipated to begin in July 2023, subject to the resolution of third-party protests.

- In August 2021, our subsidiaries, Carolina Complete Health and WellCare of North Carolina, were selected to coordinate physical and/or other health services with Local Management Entities/Managed Care Organizations under the state's new Tailored Plans. The Tailored Plans, which are expected to launch in April 2023, are integrated health plans designed for individuals with significant behavioral health needs and intellectual/developmental disabilities.

- We expect Medicaid eligibility redeterminations to begin in April 2023 and extend over a 14-month period, concluding in May 2024. In addition to delinking the Medicaid continuous enrollment provision from the PHE, the year-end spending bill also outlines key coverage expansion provisions, including CHIP coverage. The provision requires states to provide 12 months of continuous coverage for children under Medicaid and CHIP effective January of 2024 and made the state option to extend coverage for postpartum women for up to 12 months permanent.

Medicare

- In October 2022, the Centers for Medicare and Medicaid Services (CMS) published updated Medicare Star quality ratings for the 2023 rating year, which impacts the 2024 revenue year. The decrease in Star quality ratings is driven by the expiration of certain disaster relief provisions as well as deterioration in select metrics. Over the past year, our leadership team launched a multi-year plan to build and improve quality across the enterprise with a strong focus on enhanced patient experience and access to care. We expect to begin to see the results of these efforts with the 2024 rating year (2025 revenue year).

Commercial

- In January 2023, our Health Insurance Marketplace product, Ambetter Health, expanded into Alabama and extended its footprint by more than 60 counties across 12 existing states. In total, the Marketplace plan is available in more than 1,500 counties across 28 states.

Specialty and Other

- In January 2023, we completed the divestitures of Magellan Specialty Health, Centurion, our prison healthcare business, and HealthSmart, our third party health plan administration business.

- In December 2022, the Department of Defense (DoD) announced that the TRICARE Managed Care Support Contracts were not awarded to our subsidiary, Health Net Federal Services. Our current contract for health care delivery services is in place through early 2024.

- We continue to execute on Value Creation Plan initiatives including the award of the new PBM contract commencing in 2024, portfolio review, real estate optimization, stock and debt repurchases, along with an ongoing focus on quality improvement actions. We expect these actions will drive future margin expansion, create shareholder value, and improve the experience for our members and providers.

MEMBERSHIP

From December 31, 2021 to December 31, 2022, we increased our managed care membership by 1.2 million, or 5%. The following table sets forth our membership by line of business:

	December 31,	
	2022	2021
Traditional Medicaid [1]	14,264,800	13,328,400
High Acuity Medicaid [2]	1,710,000	1,686,100
Total Medicaid [4]	15,974,800	15,014,500
Commercial Marketplace	2,076,100	2,140,500
Commercial Group	441,100	462,100
Total Commercial	2,517,200	2,602,600
Medicare [3] [4]	1,511,100	1,252,200
Medicare PDP	4,226,000	4,070,500
Total at-risk membership	24,229,100	22,939,800
TRICARE eligibles	2,832,300	2,874,700
Total	27,061,400	25,814,500

[1] Membership includes Temporary Assistance for Needy Families (TANF), Medicaid Expansion, Children's Health Insurance Program (CHIP), Foster Care, and Behavioral Health.

[2] Membership includes Aged, Blind, or Disabled (ABD), Intellectual and Developmental Disabilities (IDD), Long-Term Services and Supports (LTSS), and Medicare-Medicaid Plans (MMP) Duals.

[3] Membership includes Medicare Advantage and Medicare Supplement.

[4] Medicaid and Medicare membership includes 1,291,300 and 1,178,000 dual-eligible beneficiaries for the periods ending December 31, 2022, and December 31, 2021, respectively.

RESULTS OF OPERATIONS

The following discussion and analysis is based on our Consolidated Statements of Operations, which reflect our results of operations for years ended December 31, 2022 and 2021, respectively, prepared in accordance with generally accepted accounting principles in the United States (GAAP) ($ in millions, except per share data in dollars):

	2022	2021	% Change 2021-2022
Premium	$ 127,131	$ 112,319	13 %
Service	8,348	5,664	47 %
Premium and service revenues	135,479	117,983	15 %
Premium tax	9,068	7,999	13 %
Total revenues	144,547	125,982	15 %
Medical costs	111,529	98,602	13 %
Cost of services	7,032	4,894	44 %
Selling, general and administrative expenses	11,589	9,601	21 %
Depreciation expense	614	565	9 %
Amortization of acquired intangible assets	817	770	6 %
Premium tax expense	9,330	8,287	13 %
Impairment	2,318	229	n.m.
Legal settlement	—	1,250	n.m.
Earnings from operations	1,318	1,784	(26)%
Investment and other income	1,279	819	56 %
Debt extinguishment	30	(125)	n.m.
Interest expense	(665)	(665)	— %
Earnings before income tax expense	1,962	1,813	8 %
Income tax expense	760	477	59 %
Net earnings	1,202	1,336	(10)%
Loss attributable to noncontrolling interests	—	11	n.m.
Net earnings attributable to Centene Corporation	$ 1,202	$ 1,347	(11)%
Diluted earnings per common share attributable to Centene Corporation	$ 2.07	$ 2.28	(9)%

n.m.: not meaningful

Year Ended December 31, 2022 Compared to Year Ended December 31, 2021

Total Revenues

The following table sets forth supplemental revenue information for the year ended December 31, ($ in millions):

	2022	2021	% Change 2021-2022
Medicaid	$ 93,157	$ 84,139	11 %
Commercial	17,380	16,956	3 %
Medicare [1]	22,484	17,512	28 %
Other	11,526	7,375	56 %
Total Revenues	$ 144,547	$ 125,982	15 %

[1] Medicare includes Medicare Advantage, Medicare Supplement, and Medicare prescription drug plan (PDP).

Total revenues increased 15% in the year ended December 31, 2022, over the corresponding period in 2021, primarily due to Medicaid membership growth resulting from the ongoing suspension of eligibility redeterminations, membership growth in the Medicare business, our acquisition of Magellan, and the commencement of our contracts in North Carolina in mid-2021.

Operating Expenses

Medical Costs

The HBR for the year ended December 31, 2022 was 87.7%, compared to 87.8% in 2021. The HBR for 2022 was positively impacted by disciplined Marketplace pricing and 2021 risk adjustment recorded in 2022, partially offset by a return to more normalized Medicaid utilization and higher flu costs compared to 2021. Additionally, 2021 was negatively impacted by unfavorable 2020 risk adjustment.

Cost of Services

Cost of services increased by $2.1 billion in the year ended December 31, 2022, compared to the corresponding period in 2021, driven by the acquisition of Magellan. The cost of service ratio for the year ended December 31, 2022 was 84.2%, compared to 86.4% in 2021. The decrease in the cost of service ratio was driven by recent acquisitions and divestitures.

Selling, General & Administrative Expenses

The SG&A expense ratio was 8.6% for the year ended December 31, 2022, compared to 8.1% for the year ended December 31, 2021. The Adjusted SG&A expense ratio was 8.4% for the year ended December 31, 2022, compared to 7.9% for the year ended December 31, 2021. The increases were due to the additions of the Magellan and Circle Health businesses, which operate at higher SG&A ratios due to the nature of their respective businesses. Increases were also driven by costs associated with Medicare marketing, including annual enrollment, value creation investment spending, and variable compensation. These impacts were partially offset by the leveraging of expenses over higher revenues as a result of increased membership.

Impairment

During the year ended December 31, 2022, we recorded total impairment charges of $2.3 billion primarily driven by $1.6 billion associated with our ongoing real estate optimization initiative, consisting of leased and owned real estate assets and related fixed assets. Additionally, we recorded impairment charges associated with the divestitures of our Spanish and Central European, Centurion, and HealthSmart businesses of $458 million. We also recorded a $233 million impairment charge related to Health Net Federal Services business as a result of the DoD's December 2022 announcement to not award Health Net Federal Services a TRICARE Managed Care Support Contract.

During the year ended December 31, 2021, we recorded a $229 million impairment of our equity method investment in RxAdvance, a pharmacy benefit manager.

Legal Settlement

During the second quarter of 2021, we recorded a legal settlement reserve estimate of $1.25 billion (inclusive of the states with which we have reached no-fault agreements) related to services previously provided by Envolve Pharmacy Solutions, Inc. (Envolve), which historically provided PBM and specialty pharmacy services, essentially during 2017 and 2018.

Other Income (Expense)

The following table summarizes the components of other income (expense) for the year ended December 31, ($ in millions):

	2022	2021
Investment and other income	$ 1,279	$ 819
Debt extinguishment	30	(125)
Interest expense	(665)	(665)
Other income (expense), net	$ 644	$ 29

Investment and other income. Investment and other income increased by $460 million for the year ended December 31, 2022 compared to 2021, driven by the $490 million PANTHERx divestiture gain, the $269 million Magellan Rx divestiture gain, and higher interest rates on larger investment balances. The 2021 investment income was driven by the gain related to the acquisition of the remaining 60% interest of Circle Health of $309 million and the gain related to the divestiture of USMM of $150 million.

Debt extinguishment. In 2022, we repurchased $95 million of our 4.25% Senior Notes due 2027 and $223 million of our 4.625% Senior Notes due 2029 through our senior note debt repurchase program, resulting in a pre-tax gain on extinguishment of $14 million. Additionally, we recognized a $13 million pre-tax gain on the extinguishment of debt related to the refinancing of debt for our Circle Health subsidiary. The 2022 debt extinguishment also includes an immaterial gain related to the redemption of Magellan's outstanding Senior Notes in January 2022.

In 2021, we redeemed all of our outstanding 5.375% Senior Notes due 2026 and all WellCare Health Plans, Inc.'s outstanding 5.375% Senior Notes due 2026, including all premiums and accrued interest. We recognized a pre-tax loss on extinguishment of $79 million, including the call premium, the write-off of the unamortized premium and debt issuance costs, and expenses related to the redemptions. Additionally, we tendered or redeemed all of our outstanding $2.2 billion 4.75% Senior Notes, due 2025, and recognized a pre-tax loss on extinguishment of approximately $46 million. The loss includes the call premium and the write-off of unamortized premium and debt issuance costs.

Interest expense. Interest expense for the year ended December 31, 2022 was $665 million compared to $665 million for the corresponding period in 2021.

Income Tax Expense

For the year ended December 31, 2022, we recorded an income tax expense of $760 million on pre-tax earnings of $2.0 billion, or an effective tax rate of 38.8%. The effective tax rate for the year ended December 31, 2022 is driven by the tax effects of pending and completed divestitures and impairments associated with our ongoing portfolio review, including the Magellan Rx divestiture gain, the non-deductible impairment of our Health Net Federal Services business, and tax impacts related to the reclassification of the Magellan Specialty Health business to held for sale. For the year ended December 31, 2021, we recorded income tax expense of $477 million on pre-tax earnings of $1.8 billion, or an effective tax rate of 26.3%, which reflects the non-taxable gain related to the acquisition of the remaining 60% interest in Circle Health, the partial non-deductibility of the legal settlement reserve, and the gain on the sale of our majority stake in USMM.

Segment Results

The following table summarizes our consolidated operating results by segment for the year ended December 31, ($ in millions):

	2022	2021	% Change 2021-2022
Total Revenues			
Managed Care	$ 135,063	$ 120,125	12 %
Specialty Services	22,765	18,652	22 %
Eliminations	(13,281)	(12,795)	4 %
Consolidated Total	$ 144,547	$ 125,982	15 %
Earnings from Operations			
Managed Care	$ 1,913	$ 1,789	7 %
Specialty Services	(595)	(5)	n.m.
Consolidated Total	$ 1,318	$ 1,784	(26)%

n.m.: not meaningful

Managed Care

Total revenues increased 12% in the year ended December 31, 2022, compared to the corresponding period in 2021, driven by organic Medicaid growth, primarily due to the ongoing suspension of eligibility redeterminations, membership growth in the Medicare business, and the commencement of our contracts in North Carolina. Earnings from operations increased $124 million between years primarily as a result of Medicaid and Medicare membership growth, favorable Marketplace 2021 risk adjustment recorded in 2022, and lower traditional utilization in the Marketplace business, partially offset by the $1.6 billion pre-tax real estate impairment. Additionally, 2021 was negatively impacted by the PBM legal settlement expense of $1.25 billion and higher utilization in the Marketplace business in 2021.

Specialty Services

Total revenues increased 22% in the year ended December 31, 2022, compared to the corresponding period in 2021, resulting primarily from our acquisition of Magellan, increased services associated with membership growth in the Managed Care segment, and new contracts in our correctional business. Earnings from operations decreased $590 million between years, primarily due to divestitures and impairments. The decrease was partially offset by favorable Magellan operations and the prior year impairment of our equity method investment in RxAdvance.

LIQUIDITY AND CAPITAL RESOURCES

The following table is a condensed schedule of cash flows used in the discussion of liquidity and capital resources ($ in millions):

	Year Ended December 31,	
	2022	2021
Net cash provided by operating activities	$ 6,261	$ 4,205
Net cash (used in) investing activities	(2,921)	(3,299)
Net cash (used in) provided by financing activities	(4,197)	1,362
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(11)	(11)
Net increase (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	$ (868)	$ 2,257

Cash Flows Provided by Operating Activities

Normal operations are funded primarily through operating cash flows and borrowings under our Revolving Credit Facility. In 2022, operating activities provided cash of $6.3 billion, or 5.2 times net earnings, compared to $4.2 billion in 2021. Cash flows provided by operations in 2022 were driven by net earnings before the non-cash real estate and divestiture related impairment charges and an increase in medical claims liabilities driven by the timing of claims payments.

Cash flows provided by operations in 2021 were due to net earnings before the legal settlement reserve, an increase in state risk sharing mechanism payables, partially offset by risk adjustment and minimum medical loss ratio (MLR) payments for the Health Insurance Marketplace 2020 plan year.

Cash Flows Used in Investing Activities

Investing activities used cash of $2.9 billion for the year ended December 31, 2022 and $3.3 billion in 2021. Cash flows used in investing activities in 2022 primarily consisted of net additions to the investment portfolio of our regulated subsidiaries and our acquisition of Magellan, partially offset by our PANTHERx and Magellan Rx divestiture proceeds.

We spent $1.0 billion and $910 million in the years ended December 31, 2022 and 2021, respectively, on capital expenditures for system enhancements, market growth, and our corporate and regional buildings.

As of December 31, 2022, our investment portfolio consisted primarily of fixed-income securities with a weighted average duration of 3.4 years. We had unregulated cash and investments of $1.4 billion at December 31, 2022. The majority of the excess unregulated cash and cash equivalents was utilized in January 2023 to complete planned pass-through payments. At December 31, 2021 we had unregulated cash and investments of $3.4 billion, which was substantially reduced in January 2022 to fund the Magellan acquisition. Unregulated cash and investments include private equity investments and company owned life insurance contracts.

Cash flows used in investing activities in 2021 primarily consisted of the net additions to the investment portfolio of our regulated subsidiaries (including transfers from cash and cash equivalents to long-term investments), acquisition and divestiture activity primarily related to the acquisition of the remaining 60% interest of Circle Health, and capital expenditures, offset by proceeds received related to the sale of our majority interest in USMM.

Cash Flows (Used in) Provided by Financing Activities

Financing activities used cash of $4.2 billion in the year ended December 31, 2022, compared to providing cash of $1.4 billion in the comparable period in 2021. Financing activities in 2022 were driven by stock repurchases of $3.0 billion, the redemption of Magellan's outstanding debt of $535 million assumed in the transaction using Magellan's cash on hand, senior note debt repurchases of $318 million, and the repayment of our construction loan. In 2021, financing activities were driven by increased borrowings offset by debt repayments.

Liquidity Metrics

We have a stock repurchase program authorizing us to repurchase common stock from time to time on the open market or through privately negotiated transactions. In 2022, in preparation for the closing of divestitures as well as planning for the future, the Company's Board of Directors authorized up to a total of $6.0 billion of repurchases under the program.

In 2022, we repurchased a total of 35.7 million shares for $3.0 billion through our stock repurchase program, primarily funded through divestiture proceeds. A portion of the repurchases were completed through an accelerated share repurchase (ASR) agreement, which was executed in July 2022. At inception, we received an initial delivery of approximately 8.6 million shares representing 80% of the $1.0 billion notional amount. In October 2022, an additional 3.0 million shares were delivered upon settlement based upon the volume-weighted average price (VWAP) over the term of the agreement, less a discount. In total, 11.6 million shares were purchased through the $1.0 billion ASR.

We have approximately $2.8 billion remaining under the stock repurchase program as of December 31, 2022. No duration has been placed on the repurchase program. We reserve the right to discontinue the repurchase program at any time. Refer to Note 12. *Stockholders' Equity* for further information on stock repurchases.

As of December 31, 2022, we had an aggregate principal amount of $15.7 billion of senior notes issued and outstanding. The indentures governing our various maturities of senior notes contain limited restrictive covenants. As of December 31, 2022, we were in compliance with all covenants.

As part of our capital allocation strategy, we may decide to repurchase debt or raise capital through the issuance of debt in the form of senior notes. In 2022, the Company's Board of Directors also authorized a new $1.0 billion senior note debt repurchase program. During 2022, we repurchased $318 million of our par value senior notes for $300 million. As of December 31, 2022, there was $700 million available under the senior note debt repurchase program. Refer to Note 10. *Debt* for further information regarding the issuance and redemption of senior notes.

The credit agreement underlying our Revolving Credit Facility and Term Loan Facility contains customary covenants, as well as financial covenants, including, a minimum fixed charge coverage ratio and a maximum debt to EBITDA ratio. Our maximum debt to EBITDA ratio under the credit agreement may not exceed 4.0 to 1.0. As of December 31, 2022, we had $58 million of borrowings outstanding under our Revolving Credit Facility, $2.2 billion of borrowings outstanding under our Term Loan Facility, and we were in compliance with all covenants. As of December 31, 2022, there were no limitations on the availability of our Revolving Credit Facility as a result of the debt to EBITDA ratio.

In October 2017, we executed a $200 million non-recourse construction loan to fund the expansion of our corporate headquarters. In December 2022, we paid off the outstanding balance of the construction loan.

We had outstanding letters of credit of $217 million as of December 31, 2022, which were not part of our Revolving Credit Facility. The letters of credit bore weighted interest of 0.6% as of December 31, 2022. In addition, we had outstanding surety bonds of $1.3 billion as of December 31, 2022.

At December 31, 2022, our debt to capital ratio, defined as total debt divided by the sum of total debt and total equity, was 42.7%, compared to 41.2% at December 31, 2021. The debt to capital ratio increase was driven by stock repurchases in 2022. We utilize the debt to capital ratio as a measure, among others, of our leverage and financial flexibility.

At December 31, 2022, we had working capital, defined as current assets less current liabilities, of $1.7 billion, compared to $2.7 billion at December 31, 2021. Working capital was substantially reduced in January 2022 upon the closing of the Magellan acquisition for the purchase price payment and corresponding closing costs. We manage our short-term and long-term investments with the goal of ensuring that a sufficient portion is held in investments that are highly liquid and can be sold to fund short-term requirements as needed.

During the years ended December 31, 2022 and 2021, we received dividends of $1.6 billion and $2.5 billion, respectively, from our regulated subsidiaries.

2023 Expectations

During 2023, we expect to receive net dividends of approximately $2.1 billion from our regulated subsidiaries and expect to spend approximately $845 million in capital expenditures primarily associated with system enhancements.

We have material debt, short-term medical claims, lease, and contingencies obligations. Refer to Note 10. *Debt*, Note 8. *Medical Claims Liability*, Note 11. *Leases*, and Note 18. *Contingencies*, respectively, for further information.

Based on our operating plan, we expect that our available cash, cash equivalents and investments, cash from our operations, and cash available under our Revolving Credit Facility will be sufficient to finance our general operations and capital expenditures for at least 12 months from the date of this filing. While we are currently in a strong liquidity position and believe we have adequate access to capital, we may elect to increase borrowings on our Revolving Credit Facility. In addition, from time to time we may elect to raise additional funds for these and other purposes, either through issuance of debt or equity, the sale of investment securities, or otherwise, as appropriate. In addition, we may strategically pursue refinancing or redemption opportunities to extend maturities and/or improve terms of our indebtedness if we believe such opportunities are favorable to us.

We intend to continue to evaluate strategic actions in connection with our Value Creation Plan, targeting initiatives to improve productivity, efficiencies, and reduced organizational costs, as well as capital deployment activities, including stock repurchases, portfolio optimization, and the evaluation of refinancing opportunities.

REGULATORY CAPITAL AND DIVIDEND RESTRICTIONS

Our operations are conducted through our subsidiaries. As managed care organizations (MCOs), most of our subsidiaries are subject to state regulations and other requirements that, among other things, require the maintenance of minimum levels of statutory capital, as defined by each state, and restrict the timing, payment, and amount of dividends and other distributions that may be paid to us. Generally, the amount of dividend distributions that may be paid by a regulated subsidiary without prior approval by state regulatory authorities is limited based on the entity's level of statutory net income and statutory capital and surplus.

As of December 31, 2022, our subsidiaries had aggregate statutory capital and surplus of $16.4 billion, compared with the required minimum aggregate statutory capital and surplus requirements of $8.0 billion. During the year ended December 31, 2022, we received dividends of $1.6 billion from and made $729 million of capital contributions to our regulated subsidiaries. For our subsidiaries that file with the National Association of Insurance Commissioners (NAIC), we estimate our Risk Based Capital (RBC) percentage to be in excess of 350% of the Authorized Control Level.

Under the California Knox-Keene Health Care Service Plan Act of 1975, as amended (Knox-Keene), certain of our California subsidiaries must comply with tangible net equity (TNE) requirements. Under these Knox-Keene TNE requirements, actual net worth less unsecured receivables and intangible assets must be more than the greater of (i) a fixed minimum amount, (ii) a minimum amount based on premiums, or (iii) a minimum amount based on healthcare expenditures, excluding capitated amounts.

Under the New York State Department of Health Codes, Rules and Regulations Title 10, Part 98, our New York subsidiary must comply with contingent reserve requirements. Under these requirements, net worth based upon admitted assets must equal or exceed a minimum amount based on annual net premium income.

The NAIC has adopted rules which set minimum risk-based capital requirements for insurance companies, MCOs, and other entities bearing risk for healthcare coverage. As of December 31, 2022, each of our health plans was in compliance with the risk-based capital requirements enacted in those states.

As a result of the above requirements and other regulatory requirements, certain of our subsidiaries are subject to restrictions on their ability to make dividend payments, loans, or other transfers of cash to their parent companies. Such restrictions, unless amended or waived or unless regulatory approval is granted, limit the use of any cash generated by these subsidiaries to pay our obligations. The maximum amount of dividends that can be paid by our insurance company subsidiaries without prior approval of the applicable state insurance departments is subject to restrictions relating to statutory surplus, statutory income, and unassigned surplus. As of December 31, 2022, the amount of capital and surplus or net worth that was unavailable for the payment of dividends or return of capital to us was $8.0 billion in the aggregate.

RECENT ACCOUNTING PRONOUNCEMENTS

For this information, refer to Note 2. *Summary of Significant Accounting Policies*, in the Notes to the Consolidated Financial Statements, included herein.

CRITICAL ACCOUNTING ESTIMATES

Our discussion and analysis of our results of operations and liquidity and capital resources are based on our consolidated financial statements which have been prepared in accordance with GAAP. Our significant accounting policies are more fully described in Note 2. *Summary of Significant Accounting Policies*, to our consolidated financial statements included elsewhere herein. Our accounting policies regarding intangible assets, medical claims liability, and revenue recognition are particularly important to the portrayal of our financial condition and results of operations and require the application of significant judgment by our management. As a result, they are subject to an inherent degree of uncertainty. We have reviewed these critical accounting policies and related disclosures with the Audit and Compliance Committee of our Board of Directors.

Goodwill and Intangible Assets

We have made several acquisitions that have resulted in our recording of intangible assets. These intangible assets primarily consist of purchased contract rights and customer relationships, provider contracts, trade names, developed technologies, and goodwill. Key assumptions used in the valuation of these intangible assets include, but are not limited to, member attrition rates, contract renewal probabilities, revenue growth rates, expectations of profitability, and discount and royalty rates. We allocate the fair value of purchase consideration to the assets acquired and liabilities assumed based on their fair values at the acquisition date. The excess of the fair value of consideration transferred over the fair value of the net assets acquired is recorded as goodwill. Goodwill is generally attributable to the value of the synergies between the combined companies and the value of the acquired assembled workforce, neither of which qualifies for recognition as an intangible asset. At December 31, 2022, we had $18.8 billion of goodwill and $6.9 billion of other intangible assets.

Intangible assets are amortized using the straight-line method over the following periods:

Intangible Asset	Amortization Period
Purchased contract rights and customer relationships	3 - 21 years
Provider contracts	4 - 15 years
Trade names	7 - 20 years
Developed technologies	2 - 7 years

Our management evaluates whether events or circumstances have occurred that may affect the estimated useful life or the recoverability of the remaining balance of goodwill and other identifiable intangible assets. If the events or circumstances indicate that the remaining balance of the intangible asset or goodwill may be impaired, the potential impairment will be measured based upon the difference between the carrying amount of the intangible asset or goodwill and the fair value of such asset. Our management must make assumptions and estimates, such as the discount factor, future utility, and other internal and external factors, in determining the estimated fair values. While we believe these assumptions and estimates are appropriate, other assumptions and estimates could be applied and might produce significantly different results.

Goodwill is reviewed annually during the fourth quarter for impairment. In addition, an impairment analysis of intangible assets would be performed based on other factors. These factors include significant changes in membership, financial performance, state funding, medical contracts, and provider networks and contracts.

If a reporting unit's carrying amount exceeds its fair value, an entity will record an impairment charge based on that difference. The impairment charge will be limited to the amount of goodwill allocated to that reporting unit. We first assess qualitative factors to determine if a quantitative impairment test is necessary. We generally do not calculate the fair value of a reporting unit unless we determine, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. However, in certain circumstances, such as recent acquisitions, we may elect to perform a quantitative assessment without first assessing qualitative factors.

We do not believe any of our reporting units are currently at risk for impairment. However, as part of our Value Creation Plan, we are completing a portfolio review and may identify changes in strategic focus, which could result in future impairments of goodwill or intangibles based on market indicators at that time.

Medical Claims Liability

Our medical claims liability includes claims reported but not yet paid, or inventory, estimates for claims incurred but not reported (IBNR), and estimates for the costs necessary to process unpaid claims at the end of each period. We estimate our medical claims liability using actuarial methods that are commonly used by health insurance actuaries and meet Actuarial Standards of Practice. These actuarial methods consider factors such as historical data for payment patterns, cost trends, product mix, seasonality, utilization of healthcare services, and other relevant factors.

Actuarial Standards of Practice generally require that the medical claims liability estimates be adequate to cover obligations under moderately adverse conditions. Moderately adverse conditions are situations in which the actual claims are expected to be higher than the otherwise estimated value of such claims at the time of estimate. The claims amounts ultimately settled will most likely be different than the estimate that satisfies the Actuarial Standards of Practice. We include in our IBNR an estimate for medical claims liability under moderately adverse conditions which represents the risk of adverse deviation of the estimates in our actuarial method of reserving.

We use our judgment to determine the assumptions to be used in the calculation of the required estimates. The assumptions we consider when estimating IBNR include, without limitation, claims receipt and payment experience (and variations in that experience), changes in membership, provider billing practices, healthcare service utilization trends, cost trends, product mix, seasonality, prior authorization of medical services, benefit changes, known outbreaks of disease or increased incidence of illness such as influenza, provider contract changes, changes to fee schedules, and the incidence of high dollar or catastrophic claims.

We apply various estimation methods depending on the claim type and the period for which claims are being estimated. For more recent periods, incurred non-inpatient claims are estimated based on historical per member per month claims experience adjusted for known factors. Incurred hospital inpatient claims are estimated based on known inpatient utilization data and prior claims experience adjusted for known factors. For older periods, we utilize an estimated completion factor based on our historical experience to develop IBNR estimates. The completion factor is an actuarial estimate of the percentage of claims that have been received or adjudicated as of the end of a reporting period relative to the estimate of the total ultimate incurred costs for that same period. When we commence operations in a new state or region, we have limited information with which to estimate our medical claims liability. See "Risk Factors - ***Failure to accurately estimate and price our medical expenses or effectively manage our medical costs or related administrative costs could have a material adverse effect on our results of operations, financial condition, and cash flows.***" These approaches are consistently applied to each period presented.

Our development of the medical claims liability estimate is a continuous process which we monitor and refine on a monthly basis as additional claims receipts and payment information becomes available. As more complete claims information becomes available, we adjust the amount of the estimates and include the changes in estimates in medical costs in the period in which the changes are identified. In every reporting period, our operating results include the effects of more completely developed medical claims liability estimates associated with previously reported periods. We consistently apply our reserving methodology from period to period. As additional information becomes known to us, we adjust our actuarial models accordingly to establish medical claims liability estimates.

The paid and received completion factors, claims per member per month, and per diem cost trend factors are the most significant factors affecting the IBNR estimate. The following table illustrates the sensitivity of these factors and the estimated potential impact on our operating results caused by changes in these factors based on December 31, 2022 data:

Completion Factors: [1]		Cost Trend Factors: [2]	
(Decrease) Increase in Factors	Increase (Decrease) in Medical Claims Liabilities	(Decrease) Increase in Factors	Increase (Decrease) in Medical Claims Liabilities
	(In millions)		(In millions)
(1.00)%	$ 1,077	(1.00)%	$ (208)
(0.75)	804	(0.75)	(156)
(0.50)	533	(0.50)	(104)
(0.25)	265	(0.25)	(52)
0.25	(263)	0.25	52
0.50	(524)	0.50	104
0.75	(782)	0.75	156
1.00	(1,038)	1.00	208

[1] Reflects estimated potential changes in medical claims liability caused by changes in completion factors.
[2] Reflects estimated potential changes in medical claims liability caused by changes in cost trend factors for the most recent periods.

While we believe our estimates are appropriate, it is possible future events could require us to make significant adjustments for revisions to these estimates. For example, a 1% increase or decrease in our estimated medical claims liability would have affected net earnings by $103 million for the year ended December 31, 2022, excluding the effect of any return of premium, risk corridor, or minimum MLR programs. The estimates are based on our historical experience, terms of existing contracts, our observance of trends in the industry, information provided by our providers, and information available from other outside sources.

The change in medical claims liability is summarized as follows (in millions):

	Year Ended December 31,		
	2022	2021	2020
Balance, January 1,	$ 14,243	$ 12,438	$ 7,473
Less: reinsurance recoverable	23	23	20
Balance, January 1, net	14,220	12,415	7,453
Acquisitions	105	—	3,856
Incurred related to:			
Current year	112,896	100,385	86,765
Prior years	(1,367)	(1,783)	(501)
Total incurred	111,529	98,602	86,264
Paid related to:			
Current year	97,799	87,427	78,838
Prior years	11,336	9,370	6,320
Total paid	109,135	96,797	85,158
Balance, December 31, net	16,719	14,220	12,415
Plus: reinsurance recoverable	26	23	23
Balance, December 31,	$ 16,745	$ 14,243	$ 12,438
Days in claims payable [1]	54	52	51

[1] Days in claims payable is a calculation of medical claims liability at the end of the period divided by average expense per calendar day for the fourth quarter of each year.

Medical claims are usually paid within a few months of the member receiving service from the physician or other healthcare provider. As a result, the liability generally is described as having a "short-tail," which causes less than 5% of our medical claims liability as of the end of any given year to be outstanding the following year. We believe that substantially all the development of the estimate of medical claims liability as of December 31, 2022 will be known by the end of 2023.

Changes in estimates of incurred claims for prior years are primarily attributable to reserving under moderately adverse conditions. Additionally, as a result of minimum HBR and other return of premium programs, approximately $198 million, $492 million, and $86 million of the "Incurred related to: Prior years" was recorded as a reduction to premium revenues in 2022, 2021, and 2020, respectively. Further, claims processing initiatives yielded increased claim payment recoveries and coordination of benefits related to prior year dates of service. Changes in medical utilization and cost trends and the effect of population health management initiatives may also contribute to changes in medical claim liability estimates. While we have evidence that population health management initiatives are effective on a case by case basis, these initiatives primarily focus on events and behaviors prior to the incurrence of the medical event and generation of a claim. Accordingly, any change in behavior, leveling of care, or coordination of treatment occurs prior to claim generation and as a result, the costs prior to the population health management initiative are not known by us. Additionally, certain population health management initiatives are focused on member and provider education with the intent of influencing behavior to appropriately align the medical services provided with the member's acuity. In these cases, determining whether the population health management initiative changed the behavior cannot be determined. Because of the complexity of our business, the number of states in which we operate, and the volume of claims that we process, we are unable to practically quantify the impact of these initiatives on our changes in estimates of IBNR.

The following are examples of population health management initiatives that may have contributed to the favorable development through lower medical utilization and cost trends:

- Appropriate leveling of care for neonatal intensive care unit hospital admissions, other inpatient hospital admissions, and observation admissions, in accordance with InterQual or other evidence-based criteria or clinical policy.
- Management of our pre-authorization list, monitoring for over utilized services, and stringent review of durable medical equipment and injectables.
- Emergency department programs designed to collaboratively work with hospitals and members to steer non-emergent care to a more appropriate and cost effective setting (through patient education, on-site alternative urgent care settings, etc.).
- Increased emphasis on care management and clinical rounding where nurse or social worker care managers assist selected high-risk members with the coordination of healthcare services in order to meet a patient's specific healthcare needs.
- Incorporation of disease management, which is a comprehensive, multidisciplinary, collaborative approach to chronic illnesses such as asthma.
- Prenatal and infant health programs.

Revenue Recognition

Our health plans generate revenues primarily from premiums received from the states in which we operate health plans, premiums received from our members and CMS for our Medicare product, and premiums from members of our commercial health plans. In addition to member premium payments, our Marketplace contracts also generate revenues from subsidies received from CMS. We generally receive a fixed premium per member per month pursuant to our contracts and recognize premium revenues during the period in which we are obligated to provide services to our members at the amount reasonably estimable. In some instances, our base premiums are subject to an adjustment, in the form of a risk score or risk adjustment, based on the acuity of our membership. Generally, the risk score or risk adjustment is determined by the state or CMS analyzing submissions of processed claims and medical record data to determine the acuity of our membership, often relative to the respective program's membership. We estimate the amount of risk score and risk adjustment based upon the processed claims and medical record data submitted and expected to be submitted to CMS and record revenues on a risk adjusted basis. Some contracts allow for additional premiums related to certain supplemental services provided such as maternity deliveries.

Our contracts with states may require us to maintain a minimum HBR or may require us to share cost-savings in excess of certain levels. In certain circumstances, including commercial plans, our plans may be required to return premium to the state or policyholders in the event costs are below established levels. We estimate the effect of these programs and recognize reductions in revenue in the current period. Other states may require us to meet certain performance and quality metrics in order to receive additional or full contractual revenue. For performance-based contracts, we do not recognize revenue subject to refund until data is sufficient to measure performance.

Revenues are recorded based on membership and eligibility data provided by the states or CMS, which is adjusted on a monthly basis by the states or CMS for retroactive additions or deletions to membership data. These eligibility adjustments are estimated monthly and subsequent adjustments are made in the period known. We continuously review and update those estimates as new information becomes available. It is possible that new information could require us to make additional adjustments, which could be significant, to these estimates.

Our Medicare Advantage contracts are with CMS. CMS deploys a risk adjustment model which apportions premiums paid to all health plans according to health severity and certain demographic factors. The CMS risk adjustment model pays more for members whose medical history would indicate that they are expected to have higher medical costs. Under this risk adjustment methodology, CMS calculates the risk adjusted premium payment using diagnosis data from hospital inpatient, hospital outpatient, physician treatment settings as well as prescription drug events. We and the healthcare providers collect, compile and submit the necessary and available diagnosis data to CMS within prescribed deadlines. We estimate risk adjustment revenues based upon the diagnosis data submitted and expected to be submitted to CMS and record revenues on a risk adjusted basis.

For qualifying low-income prescription drug benefit members, CMS pays for some, or all, of the member's monthly premium. We receive certain Part D prospective subsidy payments from CMS for these members as a fixed monthly per member amount, based on the estimated costs of providing prescription drug benefits over the plan year, as reflected in our bids. Approximately nine to ten months subsequent to the end of the plan year, or later in the case of the coverage gap discount subsidy, a settlement payment is made between CMS and our plans based on the difference between the prospective payments and actual claims experience.

Our specialty services generate revenues under contracts with state and federal programs, healthcare organizations, and other commercial organizations, as well as from our own subsidiaries. Revenues are recognized when the related services are provided or as ratably earned over the covered period of services. For performance-based measures in our contracts, revenue is recognized as data sufficient to measure performance is available. We recognize revenue related to administrative services under the TRICARE government-sponsored Managed Care Support Contract for the DoD's TRICARE program on a straight-line basis over the option period, when the fees become fixed and determinable. The TRICARE contract includes various performance-based measures. For each of the measures, an estimate of the amount that has been earned is made at each interim date, and revenue is recognized accordingly.

Some states enact premium taxes, similar assessments, and provider pass-through payments, collectively premium taxes, and these taxes are recorded as a separate component of both revenues and operating expenses. Additionally, our insurance subsidiaries were previously subject to the ACA annual health insurer fee (HIF). Beginning in 2021, the HIF was permanently repealed. This revenue was recorded as premium tax and health insurer fee revenue in the Consolidated Statements of Operations. For certain products, premium taxes, state assessments, and the HIF are not pass-through payments and are recorded as premium revenue and premium tax expense or health insurer fee expense in the Consolidated Statements of Operations.

Some states require state directed payments that have minimal risk, but are administered as a premium adjustment. These payments are recorded as premium revenue and medical costs at close to a 100% HBR. In many instances, we have little visibility to the timing of these payments until they are paid by the state.

ITEM 7A. ***Quantitative and Qualitative Disclosures About Market Risk***

Market risk represents the risk of loss that may impact our financial condition due to adverse changes in financial market prices and rates. Our market risk exposure is primarily the result of fluctuations in interest rates.

INVESTMENTS AND DEBT

As of December 31, 2022, we had short-term investments of $2.3 billion and long-term investments of $15.9 billion, including restricted deposits of $1.2 billion. The short-term investments generally consist of highly liquid securities with maturities between three and 12 months. The long-term investments consist of municipal, corporate and U.S. Treasury securities, government-sponsored obligations, life insurance contracts, asset backed securities, equity securities, and private equity investments and have maturities greater than one year. Restricted deposits consist of investments required by various state statutes to be deposited or pledged to state agencies. Due to the nature of the states' requirements, these investments are classified as long-term regardless of the contractual maturity date. Substantially all of our investments are subject to interest rate risk and will decrease in value if market rates increase. Assuming a hypothetical and immediate 1% increase in market interest rates at December 31, 2022, the fair value of our fixed income investments would decrease by approximately $583 million. Declines in interest rates over time will reduce our investment income. The Company does not hold or issue any derivative instruments for trading or speculative purposes.

For a discussion of the interest rate risk that our investments are subject to, see "Risk Factors - ***Our investment portfolio may suffer losses which could materially and adversely affect our results of operations or liquidity.***"

Item 8. ***Financial Statements and Supplementary Data***

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Centene Corporation:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Centene Corporation and subsidiaries (the Company) as of December 31, 2022 and 2021, the related consolidated statements of operations, comprehensive earnings (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2022, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2022, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 21, 2023 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit and compliance committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Evaluation of the estimated medical claims liability

As discussed in Note 2 to the consolidated financial statements, the Company's medical claims liability includes claims reported but not yet paid, estimates for claims incurred but not reported, and estimates for the costs necessary to process unpaid claims. As discussed in Note 8 to the consolidated financial statements, the balance at December 31, 2022 was $16,745 million.

We identified the evaluation of the estimated medical claims liability as a critical audit matter. The Company estimates its medical claims liability using actuarial methods. Specialized skills were required to evaluate these actuarial methods, which include analyzing historical claims data in order to estimate the medical claims liability. The medical claims liability included an estimate for medical claims developing under moderately adverse conditions, which represents the risk of adverse deviation in the Company's actuarial methods of reserving, which required auditor judgment to evaluate.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the critical audit matter. This included controls over the Company's process to evaluate the estimate of the medical claims liability. We involved actuarial professionals with specialized skills and knowledge who evaluated the actuarial methods used by the Company to estimate the medical claims liability. With the assistance of the actuarial professionals, we challenged the Company's estimate of the medical claims liability, including the effects of moderately adverse conditions, by developing an independent estimate for certain health plans using the Company's medical claims data, and relative range. We assessed the potential for management bias by evaluating the Company's position and movement within the actuarial professionals' relative range.

Evaluation of the estimated Affordable Care Act risk adjustment accruals

As discussed in Note 2 to the consolidated financial statements, the Affordable Care Act (ACA) established a permanent risk adjustment program. This program transfers funds from qualified individual and small group insurance plans with below average risk scores to those insurance plans with above average risk scores within each state. The final settlement of the December 31, 2022 ACA risk adjustment accruals is scheduled to be determined by the Centers for Medicare and Medicaid Services (CMS) in June 2023, based on data submitted by insurance companies through April 2023. As discussed in Note 9, the Company recorded an estimated asset and liability (the ACA risk adjustment accruals) of $838 million, and $780 million, respectively at December 31, 2022.

We identified the evaluation of the estimated ACA risk adjustment accruals as a critical audit matter. Specialized skills and a higher degree of auditor judgment were required to evaluate the Company's estimates. The Company's estimates are based on its analysis of member data, claims data, and projections of claims data expected to be submitted by the Company, and other insurance plans, to CMS for settlement.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's process to develop the estimated ACA risk adjustment accruals. We involved actuarial professionals with specialized skills and knowledge who assisted in evaluating the Company's methodology used in estimating the ACA risk adjustment accruals for consistency with the federally developed risk adjustment methodology. Additionally, the actuarial professionals assisted in evaluating the projections of claims data utilized to estimate the ACA risk adjustment accruals, and assessed the methodologies utilized by the Company for consistency with industry practice. We assessed the Company's process to estimate the ACA risk adjustment accruals, in order to consider the potential for management bias, by performing a retrospective review of the prior period ACA risk adjustment accruals and assessing the consistency of those estimated balances with the subsequent settlement.

/s/ KPMG LLP

We have served as the Company's auditor since 2005.

St. Louis, Missouri
February 21, 2023

CENTENE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In millions, except shares in thousands and per share data in dollars)

	December 31, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 12,074	$ 13,118
Premium and trade receivables	13,272	12,238
Short-term investments	2,321	1,539
Other current assets	2,461	1,602
Total current assets	30,128	28,497
Long-term investments	14,684	14,043
Restricted deposits	1,217	1,068
Property, software and equipment, net	2,432	3,391
Goodwill	18,812	19,771
Intangible assets, net	6,911	7,824
Other long-term assets	2,686	3,781
Total assets	$ 76,870	$ 78,375
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Medical claims liability	$ 16,745	$ 14,243
Accounts payable and accrued expenses	9,525	8,493
Return of premium payable	1,634	2,328
Unearned revenue	478	434
Current portion of long-term debt	82	267
Total current liabilities	28,464	25,765
Long-term debt	17,938	18,571
Deferred tax liability	615	1,407
Other long-term liabilities	5,616	5,610
Total liabilities	52,633	51,353
Commitments and contingencies		
Redeemable noncontrolling interests	56	82
Stockholders' equity:		
Preferred stock, $0.001 par value; authorized 10,000 shares; no shares issued or outstanding at December 31, 2022 and December 31, 2021	—	—
Common stock, $0.001 par value; authorized 800,000 shares; 607,847 issued and 550,754 outstanding at December 31, 2022, and 602,704 issued and 582,479 outstanding at December 31, 2021	1	1
Additional paid-in capital	20,060	19,672
Accumulated other comprehensive earnings (loss)	(1,132)	77
Retained earnings	9,341	8,139
Treasury stock, at cost (57,093 and 20,225 shares, respectively)	(4,213)	(1,094)
Total Centene stockholders' equity	24,057	26,795
Nonredeemable noncontrolling interest	124	145
Total stockholders' equity	24,181	26,940
Total liabilities, redeemable noncontrolling interests and stockholders' equity	$ 76,870	$ 78,375

The accompanying notes to the consolidated financial statements are an integral part of these statements.

CENTENE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except shares in thousands and per share data in dollars)

	Year Ended December 31,		
	2022	**2021**	**2020**
Revenues:			
Premium	$ 127,131	$ 112,319	$ 100,055
Service	8,348	5,664	3,745
Premium and service revenues	135,479	117,983	103,800
Premium tax and health insurer fee	9,068	7,999	7,315
Total revenues	144,547	125,982	111,115
Expenses:			
Medical costs	111,529	98,602	86,264
Cost of services	7,032	4,894	3,303
Selling, general and administrative expenses	11,589	9,601	9,380
Depreciation expense	614	565	487
Amortization of acquired intangible assets	817	770	719
Premium tax expense	9,330	8,287	6,332
Health insurer fee expense	—	—	1,476
Impairment	2,318	229	72
Legal settlement	—	1,250	—
Total operating expenses	143,229	124,198	108,033
Earnings from operations	1,318	1,784	3,082
Other income (expense):			
Investment and other income	1,279	819	480
Debt extinguishment	30	(125)	(61)
Interest expense	(665)	(665)	(728)
Earnings before income tax	1,962	1,813	2,773
Income tax expense	760	477	979
Net earnings	1,202	1,336	1,794
Loss attributable to noncontrolling interests	—	11	14
Net earnings attributable to Centene Corporation	$ 1,202	$ 1,347	$ 1,808
Net earnings per common share attributable to Centene Corporation:			
Basic earnings per common share	$ 2.09	$ 2.31	$ 3.17
Diluted earnings per common share	$ 2.07	$ 2.28	$ 3.12
Weighted average number of common shares outstanding:			
Basic	575,191	582,832	570,722
Diluted	582,040	590,516	579,135

The accompanying notes to the consolidated financial statements are an integral part of these statements.

CENTENE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS (LOSS)
(In millions)

	Year Ended December 31,		
	2022	**2021**	**2020**
Net earnings	$ 1,202	$ 1,336	$ 1,794
Change in unrealized gain (loss) on investments	(1,475)	(296)	251
Change in unrealized gain (loss) on investments, tax effect	349	75	(60)
Change in unrealized gain (loss) on investments, net of tax	(1,126)	(221)	191
Reclassification adjustment, net of tax	11	(20)	(3)
Foreign currency translation adjustments, net of tax	(94)	(19)	15
Other comprehensive earnings (loss)	(1,209)	(260)	203
Comprehensive earnings (loss)	(7)	1,076	1,997
Comprehensive loss attributable to noncontrolling interests	—	11	14
Comprehensive earnings (loss) attributable to Centene Corporation	$ (7)	$ 1,087	$ 2,011

The accompanying notes to the consolidated financial statements are an integral part of these statements.

CENTENE CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In millions, except shares in thousands and per share data in dollars)

	Centene Stockholders' Equity								
	Common Stock					Treasury Stock			
	$0.001 Par Value Shares	Amt	Additional Paid-in Capital	Accumulated Other Comprehensive Earnings (Loss)	Retained Earnings	$0.001 Par Value Shares	Amt	Noncontrolling Interest	Total
Balance, December 31, 2019	421,508	$ —	$ 7,647	$ 134	$ 4,984	6,460	$ (214)	$ 108	$ 12,659
Net earnings (loss)	—	—	—	—	1,808	—	—	(24)	1,784
Other comprehensive earnings, net of $60 tax	—	—	—	203	—	—	—	—	203
Common stock issued for acquisitions	171,225	1	11,526	—	—	—	—	—	11,527
Common stock issued for employee benefit plans	5,923	—	29	—	—	—	—	—	29
Common stock repurchases	(407)	—	(24)	—	—	10,310	(602)	—	(626)
Stock compensation expense	—	—	281	—	—	—	—	—	281
Contribution from noncontrolling interest	—	—	—	—	—	—	—	28	28
Balance, December 31, 2020	598,249	$ 1	$ 19,459	$ 337	$ 6,792	16,770	$ (816)	$ 112	$ 25,885
Net earnings (loss)	—	—	—	—	1,347	—	—	(21)	1,326
Other comprehensive loss, net of $(75) tax	—	—	—	(260)	—	—	—	—	(260)
Common stock issued for employee benefit plans	4,781	—	38	—	—	—	—	—	38
Common stock repurchases	(326)	—	(19)	—	—	3,455	(278)	—	(297)
Stock compensation expense	—	—	203	—	—	—	—	—	203
Contribution from noncontrolling interest	—	—	—	—	—	—	—	46	46
Divestiture of noncontrolling interest	—	—	(9)	—	—	—	—	5	(4)
Acquisition resulting in noncontrolling interest	—	—	—	—	—	—	—	3	3
Balance, December 31, 2021	602,704	$ 1	$ 19,672	$ 77	$ 8,139	20,225	$ (1,094)	$ 145	$ 26,940
Net earnings (loss)	—	—	—	—	1,202	—	—	(13)	1,189
Other comprehensive loss, net of $349 tax	—	—	—	(1,209)	—	—	—	—	(1,209)
Common stock issued for employee benefit plans	5,143	—	71	—	—	—	—	—	71
Fair value of unvested equity awards in connection with acquisition	—	—	60	—	—	—	—	—	60
Common stock repurchases	—	—	23	—	—	36,868	(3,119)	—	(3,096)
Stock compensation expense	—	—	234	—	—	—	—	—	234
Reclassification to non-redeemable	—	—	—	—	—	—	—	17	17
Divestiture of noncontrolling interest	—	—	—	—	—	—	—	(14)	(14)
Dividend to noncontrolling interest	—	—	—	—	—	—	—	(10)	(10)
Purchase of noncontrolling interest	—	—	—	—	—	—	—	(1)	(1)
Balance, December 31, 2022	607,847	$ 1	$ 20,060	$ (1,132)	$ 9,341	57,093	$ (4,213)	$ 124	$ 24,181

The accompanying notes to the consolidated financial statements are an integral part of this statement.

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

	Year Ended December 31,		
	2022	**2021**	**2020**
Cash flows from operating activities:			
Net earnings	$ 1,202	$ 1,336	$ 1,794
Adjustments to reconcile net earnings to net cash provided by operating activities			
Depreciation and amortization	1,553	1,476	1,259
Stock compensation expense	234	203	281
Impairment	2,318	229	72
(Gain) loss on debt extinguishment	(25)	125	57
(Gain) on acquisition	(2)	(309)	—
Deferred income taxes	(631)	(132)	(51)
(Gain) on divestitures	(772)	(88)	(104)
Loss on disposal of equipment	221	12	5
Other adjustments, net	(31)	(23)	(5)
Changes in assets and liabilities			
Premium and trade receivables	(1,627)	(2,453)	(52)
Other assets	128	(99)	(30)
Medical claims liabilities	2,397	1,802	1,117
Unearned revenue	31	(109)	(528)
Accounts payable and accrued expenses	421	1,141	585
Other long-term liabilities	842	1,093	1,078
Other operating activities, net	2	1	25
Net cash provided by operating activities	6,261	4,205	5,503
Cash flows from investing activities:			
Capital expenditures	(1,004)	(910)	(869)
Purchases of investments	(6,736)	(7,400)	(7,402)
Sales and maturities of investments	3,802	5,458	4,921
Acquisitions, net of cash acquired	(1,460)	(534)	(4,049)
Divestiture proceeds, net of divested cash	2,477	68	466
Other investing activities, net	—	19	(22)
Net cash (used in) investing activities	(2,921)	(3,299)	(6,955)
Cash flows from financing activities:			
Proceeds from long-term debt	360	9,267	5,107
Payments and repurchases of long-term debt	(1,490)	(7,434)	(4,067)
Common stock repurchases	(3,096)	(297)	(626)
Proceeds from common stock issuances	70	35	28
Payments for debt extinguishment	(14)	(157)	(81)
Debt issuance costs	—	(72)	(120)
Other financing activities, net	(27)	20	19
Net cash (used in) provided by financing activities	(4,197)	1,362	260
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(11)	(11)	18
Net increase (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	(868)	2,257	(1,174)
Cash and cash equivalents reclassified (to) from held for sale	(16)	—	—
Cash, cash equivalents, and restricted cash and cash equivalents, beginning of period	13,214	10,957	12,131
Cash, cash equivalents, and restricted cash and cash equivalents, end of period	$ 12,330	$ 13,214	$ 10,957
Supplemental disclosures of cash flow information:			
Interest paid	$ 657	$ 658	$ 725
Income taxes paid	$ 1,222	$ 678	$ 1,191
Equity issued in connection with acquisitions	$ 60	$ —	$ 11,526

The following table provides a reconciliation of cash, cash equivalents, and restricted cash and cash equivalents reported within the Consolidated Balance Sheets to the totals above:

	2022	**2021**	**2020**
Cash and cash equivalents	$ 12,074	$ 13,118	$ 10,800
Restricted cash and cash equivalents, included in restricted deposits	256	96	157
Total cash, cash equivalents, and restricted cash and cash equivalents	$ 12,330	$ 13,214	$ 10,957

The accompanying notes to the consolidated financial statements are an integral part of these statements.

CENTENE CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Organization and Operations

Centene Corporation, or the Company, is a leading healthcare enterprise, committed to helping people live healthier lives, with an established expertise in lower-income and medically complex populations. The Company provides access to high-quality healthcare, innovative programs, and a wide range of health solutions that help families and individuals get well, stay well, and be well. During 2022, the Company operated in two segments: Managed Care and Specialty Services. The Managed Care segment provided health plan coverage to individuals through government subsidized programs, including Medicaid, the Children's Health Insurance Program (CHIP), Long-Term Services and Supports (LTSS), Foster Care, Medicare-Medicaid Plans (MMP), which cover beneficiaries who are dually eligible for Medicaid and Medicare, the Supplemental Security Income Program, also known as the Aged, Blind, or Disabled Program (ABD), Medicare (including Medicare Prescription Drug Plans), and the Health Insurance Marketplace. The Company also offered a variety of individual, small group, and large group commercial healthcare products, both to employers and directly to members in the Managed Care segment. The Specialty Services segment consisted of the Company's specialty companies offering auxiliary healthcare services and products to state programs, correctional facilities, healthcare organizations, employer groups, and other commercial organizations, as well as to the Company's own subsidiaries. The Specialty Services segment also included the government contracts business, including the Company's government-sponsored Managed Care Support Contract with the U.S. Department of Defense (DoD) under the TRICARE program and other healthcare related government contracts.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements include the accounts of Centene Corporation and all majority owned subsidiaries and subsidiaries over which the Company exercises the power and control to direct activities significantly impacting financial performance. All material intercompany balances and transactions have been eliminated.

Certain amounts in the consolidated financial statements and notes have been reclassified to conform to the 2022 presentation. Beginning in 2022, the Company has included a separate line item for depreciation expense on the Consolidated Statement of Operations, which was previously included in selling, general and administrative (SG&A) expenses. Prior period SG&A expense ratios have also been conformed to the current presentation. These reclassifications have no effect on net earnings, cash flow, or stockholders' equity as previously reported.

On January 2022, the Company acquired all of the issued and outstanding shares of Magellan Health, Inc. (Magellan). The acquisition was accounted for as a business combination. Additionally, during 2022 the Company completed the divestitures of PANTHERx Rare (PANTHERx), its Spanish and Central European businesses, and Magellan Rx. See Note 3. *Acquisitions and Divestitures* for further details.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Future events and their effects cannot be predicted with certainty; accordingly, the accounting estimates require the exercise of judgment. The accounting estimates used in the preparation of the consolidated financial statements will change as new events occur, as more experience is acquired, as additional information is obtained, and as the operating environment changes. The Company evaluates and updates its assumptions and estimates on an ongoing basis and may employ outside experts to assist in its evaluation, as considered necessary. Actual results could differ from those estimates.

Business Combinations

Business combinations are accounted for using the acquisition method of accounting. The Company allocates the fair value of purchase consideration to the assets acquired and liabilities assumed based on their fair values at the acquisition date. The excess of the fair value of consideration transferred over the fair value of the net assets acquired is recorded as goodwill. Goodwill is generally attributable to the value of the synergies between the combined companies and the value of the acquired assembled workforce, neither of which qualifies for recognition as an intangible asset.

The Company uses its best estimates and assumptions to value assets acquired and liabilities assumed at the acquisition date; however, these estimates are sometimes preliminary and, in some instances, all information required to value the assets acquired and liabilities assumed may not be available or final as of the end of a reporting period subsequent to the business combination. If the accounting for the business combination is incomplete, provisional amounts are recorded. The provisional amounts are updated during the period determined, up to one year from the acquisition date. The Company includes the results of operations of acquired businesses in the Company's consolidated results prospectively from the date of acquisition.

Acquisition related expenses and post-acquisition restructuring costs are recognized separately from the business combination and are expensed as incurred.

Cash and Cash Equivalents

Investments with original maturities of three months or less are considered to be cash equivalents. Cash equivalents consist of money market funds, bank certificates of deposit, and savings accounts.

The Company maintains amounts on deposit with various financial institutions, which may exceed federally insured limits. However, management periodically evaluates the credit-worthiness of those institutions, and the Company has not experienced any losses on such deposits.

Investments

Short-term investments include securities with maturities greater than three months to one year. Long-term investments include securities with maturities greater than one year.

Short-term and long-term investments are generally classified as available-for-sale and are carried at fair value. Certain equity investments are recorded using the fair value or equity method. The Company monitors the difference between the carrying value and fair value of its available-for-sale debt investments and whether declines in fair value are credit related. Unrealized gains and losses on debt investments available-for-sale are excluded from earnings and reported in accumulated other comprehensive earnings (loss), a separate component of stockholders' equity, net of income tax effects. If a loss is deemed to be credit related, the Company recognizes an allowance through earnings. For each security in an unrealized loss position, the Company assesses whether it intends to sell the security or if it is more likely than not the Company will be required to sell the security before recovery of the amortized cost basis for reasons such as liquidity, contractual or regulatory purposes. If the security meets this criterion, the decline in fair value is recorded in earnings through investment and other income. Premiums and discounts are amortized or accreted over the life of the related security using the effective interest method. To calculate realized gains and losses on the sale of investments, the Company uses the specific amortized cost of each investment sold. Realized gains and losses are recorded in investment and other income.

The Company uses the equity method to account for investments in entities that it does not control but has the ability to exercise significant influence over operating and financial policies. Generally, under the equity method, original investments in these entities are recorded at cost and subsequently adjusted by the Company's share of equity in income or losses after the date of acquisition as well as capital contributions to and distributions from these companies.

Restricted Deposits

Restricted deposits consist of investments required by various state statutes to be deposited or pledged to state agencies. These investments are classified as long-term, regardless of the contractual maturity date, due to the nature of the states' requirements. The Company is required to annually adjust the amount of the deposit pledged to certain states.

Fair Value Measurements

In the normal course of business, the Company invests in various financial assets and incurs various financial liabilities. Fair values are disclosed for all financial instruments, whether or not such values are recognized in the Consolidated Balance Sheets. Management obtains quoted market prices and other observable inputs for these disclosures. The carrying amounts reported in the Consolidated Balance Sheets for cash and cash equivalents, premium and trade receivables, medical claims liability, accounts payable and accrued expenses, unearned revenue, and certain other current assets and liabilities are carried at cost, which approximates fair value because of their short-term nature.

The following methods and assumptions were used to estimate the fair value of each financial instrument:

- Available-for-sale investments and restricted deposits: The carrying amount is stated at fair value, based on quoted market prices, where available. For securities not actively traded, fair values were estimated using values obtained from independent pricing services or quoted market prices of comparable instruments.
- Senior unsecured notes: Estimated based on third-party quoted market prices for the same or similar issues.
- Variable rate debt: The carrying amount of the Company's floating rate debt approximates fair value since the interest rates adjust based on market rate adjustments.
- Foreign currency swap: Estimated based on Great British Pound to US Dollar foreign exchange rates.
- Contingent consideration: Estimated based on expected achievement of metrics included in the acquisition agreement considering circumstances that exist as of the acquisition date.

Property, Software and Equipment

Property, software and equipment are stated at cost less accumulated depreciation. Computer hardware and software includes certain costs incurred in the development of internal-use software, including external direct costs of materials and services and payroll costs of employees devoted to specific software development. Depreciation is calculated principally by the straight-line method over estimated useful lives. Leasehold improvements are depreciated using the straight-line method over the shorter of the expected useful life or the remaining term of the lease. Property, software and equipment are depreciated over the following periods:

Fixed Asset	Depreciation Period
Buildings and improvements	5 - 40 years
Computer hardware and software	3 - 5 years
Furniture and equipment	3 - 10 years
Land improvements	10 - 20 years
Leasehold improvements	1 - 20 years

The carrying amounts of all long-lived assets are evaluated to determine if adjustment to the depreciation and amortization period or to the unamortized balance is warranted. Such evaluation is based principally on the expected utilization of the long-lived assets.

The Company retains fully depreciated assets in property and accumulated depreciation accounts until it removes them from service. In the case of sale, retirement, or disposal, the asset cost and related accumulated depreciation balance is removed from the respective account, and the resulting net amount, less any proceeds, is included as a component of earnings from operations in the Consolidated Statements of Operations.

Goodwill and Intangible Assets

Intangible assets represent assets acquired in purchase transactions and consist primarily of purchased contract rights and customer relationships, provider contracts, trade names, developed technologies, and goodwill. Intangible assets are amortized using the straight-line method over the following periods:

Intangible Asset	Amortization Period
Purchased contract rights and customer relationships	3 - 21 years
Provider contracts	4 - 15 years
Trade names	7 - 20 years
Developed technologies	2 - 7 years

The Company tests for impairment of intangible assets, as well as long-lived assets, whenever events or changes in circumstances indicate that the carrying value of an asset or asset group (hereinafter referred to as "asset group") may not be recoverable by comparing the sum of the estimated undiscounted future cash flows expected to result from use of the asset group and its eventual disposition to the carrying value. Such factors include, but are not limited to, significant changes in membership, state funding, state contracts, and provider networks and contracts. If the sum of the estimated undiscounted future cash flows is less than the carrying value, an impairment determination is required. The amount of impairment is calculated by subtracting the fair value of the asset group from the carrying value of the asset group. An impairment charge, if any, is recognized within earnings from operations.

The Company tests goodwill for impairment using a fair value approach. The Company is required to test for impairment at least annually, absent a triggering event, which could include a significant decline in operating performance that would require an impairment assessment. Absent any impairment indicators, the Company performs its goodwill impairment testing during the fourth quarter of each year. The Company recognizes an impairment charge for any amount by which the carrying amount of goodwill exceeds its fair value.

The Company first assesses qualitative factors to determine whether it is necessary to perform the quantitative goodwill impairment test. The Company generally does not calculate the fair value of a reporting unit unless it determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount.

If the quantitative test is deemed necessary, the Company determines an appropriate valuation technique to estimate a reporting unit's fair value as of the testing date. The Company utilizes either the income approach or the market approach, whichever is most appropriate for the respective reporting unit. The income approach is based on an internally developed discounted cash flow model that includes many assumptions related to future growth rates, discount factors, future tax rates, and other various assumptions. The market approach is based on financial multiples of comparable companies derived from current market data. The Company then compares the fair value of the reporting unit calculated using the income approach or market approach with its carrying amount and recognizes an impairment charge for the amount by which the carrying amount exceeds fair value. The impairment charge is limited to the total amount of goodwill allocated to the reporting unit. Changes in economic and operating conditions impacting assumptions used in the Company's analyses could result in goodwill impairment in future periods.

Medical Claims Liability

Medical claims liability includes claims reported but not yet paid, or inventory, estimates for claims incurred but not reported, or IBNR, and estimates for the costs necessary to process unpaid claims at the end of each period. The Company estimates its medical claims liability using actuarial methods that are commonly used by health insurance actuaries and meet Actuarial Standards of Practice. These actuarial methods consider factors such as historical data for payment patterns, cost trends, product mix, seasonality, utilization of healthcare services, and other relevant factors.

Actuarial Standards of Practice generally require that the medical claims liability estimates be adequate to cover obligations under moderately adverse conditions. Moderately adverse conditions are situations in which the actual claims are expected to be higher than the otherwise estimated value of such claims at the time of estimate. In many situations, the claims amounts ultimately settled will be different than the estimate that satisfies the Actuarial Standards of Practice. The Company includes in its IBNR an estimate for medical claims liability under moderately adverse conditions which represents the risk of adverse deviation of the estimates in its actuarial method of reserving.

The Company uses its judgment to determine the assumptions to be used in the calculation of the required estimates. The assumptions it considers when estimating IBNR include, without limitation, claims receipt and payment experience (and variations in that experience), changes in membership, provider billing practices, healthcare service utilization trends, cost trends, product mix, seasonality, prior authorization of medical services, benefit changes, known outbreaks of disease or increased incidence of illness such as influenza or COVID-19, provider contract changes, changes to fee schedules, and the incidence of high-dollar or catastrophic claims.

The Company's development of the medical claims liability estimate is a continuous process which it monitors and refines on a monthly basis as additional claims receipts and payment information becomes available. As more complete claims information becomes available, the Company adjusts the amount of the estimates, and includes the changes in estimates in medical costs in the period in which the changes are identified. In every reporting period, the operating results include the effects of more completely developed medical claims liability estimates associated with previously reported periods. The Company consistently applies its reserving methodology from period to period. As additional information becomes known, it adjusts the actuarial model accordingly to establish medical claims liability estimates.

The Company reviews actual and anticipated experience compared to the assumptions used to establish medical costs. The Company establishes premium deficiency reserves if actual and anticipated experience indicates that existing policy liabilities together with the present value of future gross premiums will not be sufficient to cover the present value of future benefits, settlement, and maintenance costs. For purposes of determining premium deficiencies, contracts are grouped in a manner consistent with the method of acquiring, servicing, and measuring the profitability of such contracts.

Revenue Recognition

The Company's health plans generate revenues primarily from premiums received from the states in which it operates health plans, premiums received from its members and the Centers for Medicare and Medicaid Services (CMS) for its Medicare product, and premiums from members of its commercial health plans. In addition to member premium payments, its Marketplace contracts also generate revenues from subsidies received from CMS. The Company generally receives a fixed premium per member per month pursuant to its contracts and recognizes premium revenues during the period in which it is obligated to provide services to its members at the amount reasonably estimable. In some instances, the Company's base premiums are subject to an adjustment factor, in the form of a risk score or risk adjustment, based on the acuity of its membership. Generally, the risk score or risk adjustment is determined by the state or CMS analyzing submissions of processed claims and medical record data to determine the acuity of the Company's membership, often relative to the respective program's membership. The Company estimates the amount of risk score and risk adjustment based upon the processed claims and medical record data submitted and expected to be submitted to CMS and records revenues on a risk adjusted basis. Some contracts allow for additional premiums related to certain supplemental services provided such as maternity deliveries.

The Company's contracts with states may require it to maintain a minimum health benefits ratio (HBR) or may require it to share cost-savings in excess of certain levels. In certain circumstances, including commercial plans, its plans may be required to return premium to the state or policyholders in the event costs are below established levels. The Company estimates the effect of these programs and recognizes reductions in revenue in the current period. Other states may require us to meet certain performance and quality metrics in order to receive additional or full contractual revenue. For performance-based contracts, the Company does not recognize revenue subject to refund until data is sufficient to measure performance.

Revenues are recorded based on membership and eligibility data provided by the states or CMS, which is adjusted on a monthly basis by the states or CMS for retroactive additions or deletions to membership data. These eligibility adjustments are estimated monthly and subsequent adjustments are made in the period known. The Company reviews and updates those estimates as new information becomes available. It is possible that new information could require us to make additional adjustments, which could be significant, to these estimates.

The Company's Medicare Advantage contracts are with CMS. CMS deploys a risk adjustment model which apportions premiums paid to all health plans according to health severity and certain demographic factors. The CMS risk adjustment model pays more for members whose medical history would indicate that they are expected to have higher medical costs. Under this risk adjustment methodology, CMS calculates the risk adjusted premium payment using diagnosis data from hospital inpatient, hospital outpatient, physician treatment settings as well as prescription drug events. The Company and the healthcare providers collect, compile, and submit the necessary and available diagnosis data to CMS within prescribed deadlines. The Company estimates risk adjustment revenues based upon the diagnosis data submitted and expected to be submitted to CMS and records revenues on a risk adjusted basis.

For qualifying low-income prescription drug benefit members, CMS pays for some, or all, of the member's monthly premium. The Company receives certain Part D prospective subsidy payments from CMS for these members as a fixed monthly per member amount, based on the estimated costs of providing prescription drug benefits over the plan year, as reflected in its bids. Approximately nine to ten months subsequent to the end of the plan year, or later in the case of the coverage gap discount subsidy, a settlement payment is made between CMS and the Company's plans based on the difference between the prospective payments and actual claims experience.

The Company's specialty services generate revenues under contracts with state and federal programs, healthcare organizations, and other commercial organizations, as well as from its own subsidiaries. Revenues are recognized when the related services are provided, when inventory is shipped, or as ratably earned over the covered period of services. The Company recognizes revenue related to administrative services under the TRICARE government-sponsored Managed Care Support Contract for the DoD's TRICARE program on a straight-line basis over the option period, when the fees become fixed and determinable. The TRICARE contract includes various performance-based measures. For each of the measures, an estimate of the amount that has been earned is made at each interim date, and revenue is recognized accordingly.

Some states enact premium taxes, similar assessments, and provider pass-through payments, collectively premium taxes, and these taxes are recorded as a separate component of both revenues and operating expenses. Additionally, the Company's insurance subsidiaries were previously subject to the Affordable Care Act (ACA) annual health insurer fee (HIF). Beginning in 2021, the HIF was permanently repealed. This revenue was recorded as premium tax and health insurer fee revenue in the Consolidated Statements of Operations. For certain products, premium taxes, state assessments, and the HIF are not pass-through payments and are recorded as premium revenue and premium tax expense or health insurer fee expense in the Consolidated Statements of Operations.

Some states require state directed payments that have minimal risk, but are administered as a premium adjustment. These payments are recorded as premium revenue and medical costs at close to a 100% HBR. In many instances, the Company has little visibility to the timing of these payments until they are paid by the state.

Affordable Care Act

The ACA established risk spreading premium stabilization programs as well as minimum medical loss ratio (MLR) and cost sharing reductions (CSRs). The Company's accounting policies for the programs are as follows:

Risk Adjustment

The permanent risk adjustment program established by the ACA transfers funds from qualified individual and small group insurance plans with below average risk scores to those plans with above average risk scores within each state. The Company estimates the receivable or payable under the risk adjustment program based on its estimated risk score compared to the state average risk score. The Company may record a receivable or payable as an adjustment to premium revenues to reflect the year-to-date impact of the risk adjustment based on its best estimate. The Company refines its estimate as new information becomes available.

Minimum Medical Loss Ratio

Additionally, the ACA established a minimum MLR for the Health Insurance Marketplace. The risk adjustment program described above is taken into consideration to determine if the Company's estimated annual medical costs are less than the minimum MLR and require an adjustment to premium revenues to meet the minimum MLR.

Cost Sharing Reductions

The ACA directs issuers to reduce the Company's members' cost sharing for essential health benefits for individuals with Federal Poverty Levels (FPLs) between 100% and 250% who are enrolled in a silver tier product; eliminate cost sharing for Indians/Alaska Natives with a FPL less than 300% and eliminate cost sharing for Indians/Alaska Natives regardless of FPL when services are provided by an Indian Health Service. In order to compensate issuers for reduced cost sharing provided to enrollees, CMS pays an advance CSR payment to the Company each month based on the Company's certification data provided at the time of the qualified health plan application. In October 2017, the Trump Administration issued an executive order that immediately ceased payments of CSRs to issuers, and beginning in 2018 premium rates for Health Insurance Marketplace were set without factoring in the cost sharing subsidy payments from the federal government.

Premium and Trade Receivables and Unearned Revenue

Premium and service revenues collected in advance are recorded as unearned revenue. For performance-based contracts, the Company does not recognize revenue subject to refund until data is sufficient to measure performance. Premiums and service revenues due to the Company are recorded as premium and trade receivables and are recorded net of an allowance based on historical trends and management's judgment on the collectability of these accounts. As the Company generally receives payments during the month in which services are provided, the allowance is typically not significant in comparison to total revenues and does not have a material impact on the presentation of the financial condition or results of operations. Amounts receivable under federal contracts are comprised primarily of contractually defined billings, accrued contract incentives under the terms of the contract, and amounts related to change orders for services not originally specified in the contract.

Activity in the allowance for uncollectible accounts is summarized below ($ in millions):

	Year Ended December 31,		
	2022	2021	2020
Balance, January 1	$ 139	$ 243	$ 157
Amounts charged to expense	70	62	121
Recoveries	—	(43)	—
Write-offs of uncollectible receivables	(79)	(123)	(35)
Balance, December 31	$ 130	$ 139	$ 243

Significant Customers

The Company receives the majority of its revenues under contracts or subcontracts with state Medicaid managed care programs. Customers where the aggregate annual contract revenues exceeded 10% of total annual revenues included the state of New York, where the percentage of the Company's total revenue was 10% and 11% for the years ended December 31, 2021 and 2020. None of the Company's customers exceeded 10% of total annual revenues for the year ended December 31, 2022.

Other Income (Expense)

Other income (expense) consists routinely of investment income, interest expense, and equity method earnings from investments. Investment income is derived from the Company's cash, cash equivalents, restricted deposits and investments. Interest expense relates to borrowings under the senior notes, credit facilities, mortgage and construction loans, and capital leases. Further, other income (expense) includes gains or losses on sales of investments, divestitures, and acquisitions as well as debt extinguishment costs.

Income Taxes

Deferred tax assets and liabilities are recorded for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax law or tax rates is recognized in income in the period that includes the enactment date.

Valuation allowances are provided when it is considered more likely than not that deferred tax assets will not be realized. In determining if a deductible temporary difference or net operating loss can be realized, the Company considers future reversals of existing taxable temporary differences, future taxable income, taxable income in prior carryback periods, and tax planning strategies.

Contingencies

The Company accrues for loss contingencies associated with outstanding litigation, claims, and assessments for which it has determined it is probable that a loss contingency exists and the amount of loss can be reasonably estimated. The Company expenses professional fees associated with litigation claims and assessments as incurred.

Stock Based Compensation

Stock based compensation expense is recognized at grant date fair value over the period during which an employee is required to provide service in exchange for the award. Excess tax benefits related to stock compensation are presented as a cash inflow from operating activities. The Company accounts for forfeitures when they occur.

Foreign Currency Translation

The Company is exposed to foreign currency exchange risk through its international subsidiaries whose functional currencies include the Euro and Great British Pound. The assets and liabilities of the Company's subsidiaries are translated into United States dollars at the balance sheet date. The Company translates its proportionate share of earnings using average rates during the year. The resulting foreign currency translation adjustments are recorded as a separate component of accumulated other comprehensive earnings (loss).

Recent Accounting Guidance Not Yet Adopted

The Company has determined that there are no recently issued accounting pronouncements that will have a material impact on its consolidated financial condition, results of operations, or cash flows.

3. Acquisitions and Divestitures

Magellan Acquisition

On January 4, 2022, the Company acquired all of the issued and outstanding shares of Magellan. Total consideration for the acquisition was $2,491 million, consisting of $2,431 million in cash and $60 million related to the fair value of replacement equity awards associated with pre-combination service. The purchase price has been adjusted to reflect the net effective settlement of preexisting relationships between the Company and Magellan of $70 million. The Company recognized $106 million of acquisition related expenses related to Magellan for the year ended December 31, 2022.

The Magellan acquisition was accounted for as a business combination using the acquisition method of accounting that requires assets acquired and liabilities assumed to be recognized at fair value as of the acquisition date. The valuation of all assets acquired and liabilities assumed was finalized in the fourth quarter of 2022.

The Company's allocation of the fair value of assets acquired and liabilities assumed as of the acquisition date of January 4, 2022 is as follows ($ in millions):

Assets acquired and liabilities assumed		
Cash and cash equivalents	$	995
Premium and related receivables		791
Short-term investments		144
Other current assets		145
Long-term investments		43
Restricted deposits		7
Property, software and equipment		72
Intangible assets [(1)]		889
Other long-term assets		50
Total assets acquired		3,136
Medical claims liability		194
Accounts payable and accrued expenses		495
Return of premium payable		53
Unearned revenue		8
Current portion of long-term debt		5
Long-term debt [(2)]		542
Deferred tax liabilities [(3)]		157
Other long-term liabilities		64
Total liabilities assumed		1,518
Mezzanine equity		32
Total identifiable net assets		1,586
Goodwill [(4)]		905
Total assets acquired and liabilities assumed	$	2,491

Significant fair value adjustments are noted as follows:

[(1)] The identifiable intangible assets acquired are to be measured at fair value as of the completion of the acquisition. The fair value of intangible assets is determined primarily using variations of the income approach, which is based on the present value of the future after-tax cash flows attributable to each identified intangible asset. Other valuation methods, including the market approach and cost approach, were also considered in estimating the fair value. The identifiable intangible assets include purchased contract rights, provider contracts, developed technologies, and trade names. The Company has estimated the fair value of intangible assets to be $889 million with a weighted average life of 12 years.

The fair values and weighted average useful lives for identifiable intangible assets acquired are as follows:

	Fair Value	Weighted Average Useful Life in Years
Purchased contract rights	$ 581	13
Provider contracts	120	15
Developed technologies	101	5
Trade names	87	17
Total intangible assets acquired	$ 889	12

(2) Debt is required to be measured at fair value under the acquisition method of accounting. The fair value of Magellan's Senior Notes and Credit Agreement assumed in the acquisition was $535 million. In January 2022, the Company paid off Magellan's debt acquired in the transaction using Magellan's cash on hand.

(3) The deferred tax liabilities are presented net of $102 million of deferred tax assets.

(4) The acquisition resulted in $905 million of goodwill primarily related to synergies expected from the acquisition and the assembled workforce of Magellan. All of the goodwill was assigned to the Specialty segment. The majority of the goodwill is not deductible for income tax purposes.

PANTHERx Rare Divestiture

On July 14, 2022, the Company completed the divestiture of PANTHERx for $1,373 million. The Company recognized a gain of $490 million, or $382 million after-tax, which is included in investment and other income on the Consolidated Statements of Operations.

Spanish and Central European Divestiture

On November 16, 2022, as part of the Company's review of strategic alternatives for its international portfolio, the Company completed the divestiture of its ownership stakes in its Spanish and Central European businesses, including Ribera Salud, Torrejón Salud, and Pro Diagnostics Group.

In 2022, the Company recorded an impairment charge primarily related to intangible assets and goodwill associated with the divestiture of $163 million, or $140 million after-tax.

Magellan Rx Divestiture

On December 2, 2022, the Company completed the divestiture of Magellan Rx for $1,337 million. The Company recognized a gain of $269 million, or $99 million after-tax, which is included in investment and other income on the Consolidated Statements of Operations and is subject to a final working capital adjustment.

Magellan Specialty Health Divestiture

On November 17, 2022, the Company signed a definitive agreement to divest Magellan Specialty Health. As of December 31, 2022, the assets and liabilities of Magellan Specialty Health were considered held for sale, resulting in $645 million of assets held for sale in other current assets and $87 million of liabilities held for sale in accounts payable and accrued expenses on the Consolidated Balance Sheet. The majority of the of held for sale assets were previously reported as goodwill and intangible assets.

On January 20, 2023, the Company completed the divestiture for approximately $646 million in cash and stock, including an estimated working capital adjustment. The Company estimates that it will recognize an initial pre-tax gain of approximately $85 million to $95 million. The Company could also receive up to an additional $150 million in cash and stock in 2024 based on certain 2023 performance metrics. The Company will recognize the appropriate amount of contingent consideration related to the $150 million when realized or realizable.

Centurion Divestiture

On January 10, 2023, the Company signed and closed a definitive agreement to divest Centurion, its prison healthcare business. As of December 31, 2022, the assets and liabilities of Centurion were considered held for sale resulting in $236 million of assets held for sale in other current assets and $198 million of liabilities held for sale in accounts payable and accrued expenses on the Consolidated Balance Sheet. The majority of the held for sale assets were previously reported as premium and trade receivables. The majority of the liabilities were previously reported as medical claims liability and accounts payable and accrued liabilities.

During the fourth quarter of 2022, the Company recorded an impairment charge related to goodwill and other current assets associated with the divestiture of $259 million, or $181 million after-tax.

HealthSmart Divestiture

On November 1, 2022, the Company signed a definitive agreement to divest HealthSmart, its third party health plan administration business. The divestiture was completed on January 5, 2023. As of December 31, 2022, the assets and liabilities of HealthSmart were considered held for sale resulting in $66 million of assets held for sale in other current assets and $34 million of liabilities held for sale in accounts payable and accrued expenses on the Consolidated Balance Sheet. The majority of the held for sale assets were previously reported as cash and cash equivalents, premium and trade receivables, and goodwill.

During the fourth quarter of 2022, the Company recorded an impairment charge related to goodwill associated with the divestiture of $36 million, or $27 million after-tax.

4. Short-term and Long-term Investments, Restricted Deposits

Short-term and long-term investments and restricted deposits by investment type consist of the following ($ in millions):

	December 31, 2022				December 31, 2021			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Debt securities:								
U.S. Treasury securities and obligations of U.S. government corporations and agencies	$ 695	$ —	$ (16)	$ 679	$ 642	$ —	$ (2)	$ 640
Corporate securities	10,127	12	(778)	9,361	8,145	130	(75)	8,200
Restricted certificates of deposit	4	—	—	4	4	—	—	4
Restricted cash equivalents	256	—	—	256	96	—	—	96
Short-term time deposits	204	—	—	204	109	—	—	109
Municipal securities	4,055	6	(280)	3,781	3,398	85	(15)	3,468
Asset-backed securities	1,396	—	(70)	1,326	1,308	5	(5)	1,308
Residential mortgage-backed securities	1,165	2	(121)	1,046	850	10	(7)	853
Commercial mortgage-backed securities	961	—	(99)	862	870	13	(10)	873
Equity securities [1]	5	—	—	5	326	—	—	326
Private equity investments	529	—	—	529	587	—	—	587
Life insurance contracts	169	—	—	169	186	—	—	186
Total	$ 19,566	$ 20	$ (1,364)	$ 18,222	$ 16,521	$ 243	$ (114)	$ 16,650

[1] Investments in equity securities as of December 31, 2021 primarily consisted of exchange traded funds in fixed income securities.

The Company's investments are debt securities classified as available-for-sale with the exception of equity securities, certain private equity investments, and life insurance contracts. The Company's investment policies are designed to provide liquidity, preserve capital and maximize total return on invested assets with a focus on high credit quality securities. The Company limits the size of investment in any single issuer other than U.S. treasury securities and obligations of U.S. government corporations and agencies. As of December 31, 2022, 98% of the Company's investments in rated securities carry an investment grade rating by nationally recognized statistical rating organizations. At December 31, 2022, the Company held certificates of deposit, equity securities, private equity investments, and life insurance contracts, which did not carry a credit rating. Accrued interest income on available-for-sale debt securities was $132 million and $96 million at December 31, 2022 and 2021, respectively, and is included in other current assets on the Consolidated Balance Sheet.

The Company's residential mortgage-backed securities are primarily issued by the Federal National Mortgage Association, Government National Mortgage Association, or Federal Home Loan Mortgage Corporation, which carry implicit or explicit guarantees of the U.S. government. The Company's commercial mortgage-backed securities are primarily senior tranches with a weighted average rating of AAA and a weighted average duration of 4 years at December 31, 2022.

The fair value of available-for-sale debt securities with gross unrealized losses by investment type and length of time that individual securities have been in a continuous unrealized loss position were as follows ($ in millions):

	December 31, 2022				December 31, 2021			
	Less Than 12 Months		12 Months or More		Less Than 12 Months		12 Months or More	
	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value
U.S. Treasury securities and obligations of U.S. government corporations and agencies	$ (5)	$ 342	$ (11)	$ 184	$ (2)	$ 598	$ —	$ 3
Corporate securities	(340)	5,368	(438)	3,400	(66)	4,209	(9)	209
Municipal securities	(142)	2,437	(138)	995	(14)	1,173	(1)	39
Asset-backed securities	(29)	786	(41)	486	(5)	770	—	33
Residential mortgage-backed securities	(55)	629	(66)	352	(7)	472	—	15
Commercial mortgage-backed securities	(49)	513	(50)	330	(8)	380	(2)	32
Total	$ (620)	$ 10,075	$ (744)	$ 5,747	$ (102)	$ 7,602	$ (12)	$ 331

As of December 31, 2022, the gross unrealized losses were generated from 6,423 positions out of a total of 6,854 positions. The change in fair value of available-for-sale debt securities is primarily a result of movement in interest rates subsequent to the purchase of the security.

For each security in an unrealized loss position, the Company assesses whether it intends to sell the security or if it is more likely than not the Company will be required to sell the security before recovery of the amortized cost basis for reasons such as liquidity, contractual, or regulatory purposes. If the security meets this criterion, the decline in fair value is recorded in earnings. The Company does not intend to sell these securities prior to maturity and it is not likely that the Company will be required to sell these securities prior to maturity; therefore, the Company did not record an impairment for these securities.

In addition, the Company monitors available-for-sale debt securities for credit losses. Certain investments have experienced a decline in fair value due to changes in credit quality, market interest rates, and/or general economic conditions. The Company recognizes an allowance when evidence demonstrates that the decline in fair value is credit related. Evidence of a credit related loss may include rating agency actions, adverse conditions specifically related to the security, or failure of the issuer of the security to make scheduled payments.

In July 2021, the Company acquired the remaining 60% interest of Circle Health for $705 million. As a result of the acquisition, the Company recorded a non-cash gain of $309 million on its original investment in the year ended December 31, 2021. The gain was included in investment and other income on the Consolidated Statement of Operations. Beginning in July 2021, the Company consolidates 100% of Circle Health.

In September 2021, the Company recorded a $229 million impairment of its equity method investment in RxAdvance, a pharmacy benefit manager. The impairment was the result of the Company’s focus on simplification of its pharmacy operations. The impairment was based on the Company's estimate of RxAdvance's future cash flows and other market indicators of fair value.

The contractual maturities of short-term and long-term debt securities and restricted deposits are as follows ($ in millions):

	December 31, 2022				December 31, 2021			
	Investments		Restricted Deposits		Investments		Restricted Deposits	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value	Amortized Cost	Fair Value
One year or less	$ 2,207	$ 2,179	$ 534	$ 532	$ 1,390	$ 1,396	$ 368	$ 368
One year through five years	7,651	7,147	524	490	6,212	6,294	460	457
Five years through ten years	4,066	3,613	224	195	3,647	3,681	244	243
Greater than ten years	135	129	—	—	73	78	—	—
Asset-backed securities	3,522	3,234	—	—	3,028	3,034	—	—
Total	$ 17,581	$ 16,302	$ 1,282	$ 1,217	$ 14,350	$ 14,483	$ 1,072	$ 1,068

Actual maturities may differ from contractual maturities due to call or prepayment options. Equity securities, private equity investments, and life insurance contracts are excluded from the table above because they do not have a contractual maturity. The Company has an option to redeem substantially all of the securities included in the greater than ten years category listed above at amortized cost.

5. Fair Value Measurements

Assets and liabilities recorded at fair value in the Consolidated Balance Sheets are categorized based upon observable or unobservable inputs used to estimate fair value. Level inputs are as follows:

Level Input:	Input Definition:
Level I	Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.
Level II	Inputs other than quoted prices included in Level I that are observable for the asset or liability through corroboration with market data at the measurement date.
Level III	Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

The following table summarizes fair value measurements by level at December 31, 2022, for assets and liabilities measured at fair value on a recurring basis ($ in millions):

	Level I	Level II	Level III	Total
Assets				
Cash and cash equivalents	$ 12,074	$ —	$ —	$ 12,074
Investments:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	$ 366	$ 5	$ —	$ 371
Corporate securities	—	9,328	—	9,328
Municipal securities	—	3,165	—	3,165
Short-term time deposits	—	204	—	204
Asset-backed securities	—	1,326	—	1,326
Residential mortgage-backed securities	—	1,046	—	1,046
Commercial mortgage-backed securities	—	862	—	862
Equity securities	3	2	—	5
Total investments	$ 369	$ 15,938	$ —	$ 16,307
Restricted deposits:				
Cash and cash equivalents	$ 256	$ —	$ —	$ 256
U.S. Treasury securities and obligations of U.S. government corporations and agencies	308	—	—	308
Corporate securities	—	33	—	33
Certificates of deposit	—	4	—	4
Municipal securities	—	616	—	616
Total restricted deposits	$ 564	$ 653	$ —	$ 1,217
Total assets at fair value	$ 13,007	$ 16,591	$ —	$ 29,598

The following table summarizes fair value measurements by level at December 31, 2021, for assets and liabilities measured at fair value on a recurring basis ($ in millions):

	Level I	Level II	Level III	Total
Assets				
Cash and cash equivalents	$ 13,118	$ —	$ —	$ 13,118
Investments:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	$ 171	$ —	$ —	$ 171
Corporate securities	—	8,170	—	8,170
Municipal securities	—	2,999	—	2,999
Short-term time deposits	—	109	—	109
Asset-backed securities	—	1,308	—	1,308
Residential mortgage-backed securities	—	853	—	853
Commercial mortgage-backed securities	—	873	—	873
Equity securities	324	2	—	326
Total investments	$ 495	$ 14,314	$ —	$ 14,809
Restricted deposits:				
Cash and cash equivalents	$ 96	$ —	$ —	$ 96
U.S. Treasury securities and obligations of U.S. government corporations and agencies	469	—	—	469
Corporate securities	—	30	—	30
Certificates of deposit	—	4	—	4
Municipal securities	—	469	—	469
Total restricted deposits	$ 565	$ 503	$ —	$ 1,068
Other long-term assets:				
Foreign currency swap agreement	$ —	$ 15	$ —	$ 15
Total assets at fair value	$ 14,178	$ 14,832	$ —	$ 29,010

The Company utilizes matrix pricing services to estimate fair value for securities which are not actively traded on the measurement date. The Company designates these securities as Level II fair value measurements. In addition, the aggregate carrying amount of the Company's private equity investments and life insurance contracts, which approximates fair value, was $698 million and $773 million as of December 31, 2022, and December 31, 2021, respectively.

6. Property, Software and Equipment

Property, software and equipment consist of the following ($ in millions):

	December 31, 2022	December 31, 2021
Computer software	$ 2,224	$ 1,825
Building	659	1,116
Computer hardware	604	617
Leasehold improvements	467	732
Furniture and office equipment	366	753
Land	178	248
Property, software and equipment, at cost	4,498	5,291
Less: accumulated depreciation	(2,066)	(1,900)
Property, software and equipment, net	$ 2,432	$ 3,391

Depreciation expense for the years ended December 31, 2022, 2021, and 2020 was $614 million, $565 million, and $487 million, respectively.

During the second quarter of 2022, in connection with the adoption of a more modern, flexible work environment, the Company undertook a real estate optimization initiative to evaluate future real estate needs and downsize its real estate footprint for owned and leased properties. As a result of this evaluation, the Company substantially changed the use or abandoned various properties and assessed for impairment. The Company engaged a third-party real estate specialist to determine the fair value of its owned properties. The valuation primarily considered comparable properties in each market as well as future cash flows.

As a result of the optimization, the Company recognized impairment charges related to owned real estate of $808 million for the year ended December 31, 2022. The Company also recognized impairment on fixed assets related to leased real estate of $242 million for the year ended December 31, 2022. These impairments are primarily related to the Managed Care segment. The remainder of the $1,627 million charge relates to right-of-use (ROU) asset impairments, which is included within other long-term assets on the Consolidated Balance Sheet, refer to Note 11. *Leases.*

7. Goodwill and Intangible Assets

The following table summarizes the changes in goodwill by operating segment ($ in millions):

	Managed Care	Specialty Services	Total
Balance, December 31, 2020	$ 16,974	$ 1,678	$ 18,652
Acquisition and purchase accounting adjustments	1,139	29	1,168
Divestitures	—	(24)	(24)
Reallocation	250	(250)	—
Translation impact	(25)	—	(25)
Balance, December 31, 2021	18,338	1,433	19,771
Acquisition and purchase accounting adjustments	172	905	1,077
Divestitures	—	(1,533)	(1,533)
Reallocation	4	(4)	—
Impairments	(66)	(304)	(370)
Translation impact	(133)	—	(133)
Balance, December 31, 2022	$ 18,315	$ 497	$ 18,812

The decrease in the Specialty Services segment goodwill in 2022 was primarily driven by the ongoing portfolio review divestiture related activity during the year as discussed in Note 3. *Acquisitions and Divestitures.* In 2022, divestiture related reductions to goodwill included the completed divestitures of PANTHERx and Magellan Rx, as well as goodwill reclassified to other current assets associated with the divestiture of Magellan Specialty Health, which was considered held for sale as of December 31, 2022. The acquired goodwill in 2022 represents goodwill associated with the Magellan acquisition.

The Company's Specialty Services segment impairments in 2022 was primarily the result of the impairment of Federal Services business, which included $216 million of goodwill, in conjunction with the December 2022 announcement from the DoD that the Company was not awarded a TRICARE Managed Care Support Contract. The Managed Care segment impairment was the result of the divestiture of the Spanish and Central European businesses.

The majority of the increase in the Managed Care segment goodwill in 2021 was related to the acquisition of the remaining 60% interest in Circle Health.

Intangible assets at December 31, consist of the following ($ in millions):

			Weighted Average Life in Years	
	2022	2021	2022	2021
Purchased contract rights and customer relationships	$ 7,850	$ 8,068	13.4	13.5
Trade names	983	1,107	15.4	13.3
Provider contracts	612	492	14.0	13.8
Developed technologies	390	369	5.3	5.4
Intangible assets	9,835	10,036	13.4	13.2
Less accumulated amortization:				
Purchased contract rights and customer relationships	(2,193)	(1,642)		
Trade names	(263)	(206)		
Provider contracts	(183)	(139)		
Developed technologies	(285)	(225)		
Total accumulated amortization	(2,924)	(2,212)		
Intangible assets, net	$ 6,911	$ 7,824		

As described above, the decrease in intangible assets in 2022 was primarily driven by divestiture related activity, which included related impairments, during the year as discussed with goodwill above and in Note 3. *Acquisitions and Divestitures.*

Amortization expense was $817 million, $770 million, and $719 million for the years ended December 31, 2022, 2021, and 2020, respectively. Estimated total amortization expense related to the December 31, 2022 intangible assets for each of the five succeeding fiscal years is as follows ($ in millions):

	Estimated Total Amortization Expense
2023	$ 723
2024	707
2025	706
2026	689
2027	678

8. Medical Claims Liability

The following table summarizes the change in medical claims liability ($ in millions):

	Year Ended December 31,		
	2022	**2021**	**2020**
Balance, January 1	$ 14,243	$ 12,438	$ 7,473
Less: reinsurance recoverable	23	23	20
Balance, January 1, net	14,220	12,415	7,453
Acquisitions and divestitures	105	—	3,856
Incurred related to:			
Current year	112,896	100,385	86,765
Prior years	(1,367)	(1,783)	(501)
Total incurred	111,529	98,602	86,264
Paid related to:			
Current year	97,799	87,427	78,838
Prior years	11,336	9,370	6,320
Total paid	109,135	96,797	85,158
Balance, December 31, net	16,719	14,220	12,415
Plus: reinsurance recoverable	26	23	23
Balance, December 31	$ 16,745	$ 14,243	$ 12,438

Reinsurance recoverables related to medical claims are included in premium and trade receivables. Changes in estimates of incurred claims for prior years are primarily attributable to reserving under moderately adverse conditions. The impact from COVID-19 on healthcare utilization and medical claims submission patterns provided increased estimation uncertainty on the IBNR liability. Additionally, as a result of minimum HBR and other return of premium programs, the Company recorded approximately $198 million, $492 million, and $86 million of the "Incurred related to: Prior years" as a reduction to premium revenues in 2022, 2021, and 2020, respectively. Further, claims processing initiatives yielded increased claim payment recoveries and coordination of benefits related to prior year dates of service.

Changes in medical utilization and cost trends and the effect of population health management initiatives may also contribute to changes in medical claim liability estimates. While the Company has evidence that population health management initiatives are effective on a case by case basis, population health management initiatives primarily focus on events and behaviors prior to the incurrence of the medical event and generation of a claim. Accordingly, any change in behavior, leveling of care, or coordination of treatment occurs prior to claim generation and as a result, the costs prior to the population health management initiative are not known by the Company. Additionally, certain population health management initiatives are focused on member and provider education with the intent of influencing behavior to appropriately align the medical services provided with the member's acuity. In these cases, determining whether the population health management initiative changed the behavior cannot be determined. Because of the complexity of its business, the number of states in which it operates, and the volume of claims that it processes, the Company is unable to practically quantify the impact of these initiatives on its changes in estimates of IBNR.

The Company reviews actual and anticipated experience compared to the assumptions used to establish medical costs. The Company establishes premium deficiency reserves if actual and anticipated experience indicates that existing policy liabilities together with the present value of future gross premiums will not be sufficient to cover the present value of future benefits, settlement, and maintenance costs.

The Specialty Services segment has an insignificant amount of medical claims liability and, therefore, disclosures related to medical claims liabilities have been aggregated and are presented on a consolidated basis.

Information about incurred and paid claims development as of December 31, 2022 is included in the table below. The claims development information for all periods preceding the most recent reporting period is considered required supplementary information. Incurred and paid claims development as of December 31, 2022 is as follows ($ in millions):

Cumulative Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance			
For the Year Ended December 31,			
Claim Year	2020 (unaudited)	2021 (unaudited)	2022
2020	$ 88,206	$ 86,502	$ 86,433
2021		100,385	99,087
2022			112,896
		Total incurred claims	$ 298,416

Cumulative Paid Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance			
For the Year Ended December 31,			
Claim Year	2020 (unaudited)	2021 (unaudited)	2022
2020	$ 76,722	$ 85,593	$ 86,021
2021		87,427	98,024
2022			97,799
		Total payment of incurred claims	281,844
		All outstanding liabilities prior to 2020, net of reinsurance	147
		Medical claims liability, net of reinsurance	$ 16,719

Incurred claims and allocated claim adjustment expenses, net of reinsurance, total IBNR plus expected development on reported claims and cumulative claims data as of December 31, 2022 are included in the following table. For claims frequency information summarized below, a claim is defined as the financial settlement of a single medical event in which remuneration was paid to the servicing provider. Total IBNR plus expected development on reported claims represents estimates for claims incurred but not reported, development on reported claims, and estimates for the costs necessary to process unpaid claims at the end of each period. The Company estimates its liability using actuarial methods that are commonly used by health insurance actuaries and meet Actuarial Standards of Practice. These actuarial methods consider factors such as historical data for payment patterns, cost trends, product mix, seasonality, utilization of healthcare services, and other relevant factors. Information is summarized as follows (in millions):

	December 31, 2022		
	Incurred Claims and Allocated Claim Adjustment Expenses, Net of Reinsurance	Total IBNR Plus Expected Development on Reported Claims	Cumulative Paid Claims
2020	$ 86,433	$ —	568.8
2021	99,087	273	623.2
2022	112,896	11,081	608.1

9. Affordable Care Act

The ACA established risk spreading premium stabilization programs as well as a minimum annual MLR and cost sharing reductions.

The Company's net receivables (payables) for each of the programs are as follows ($ in millions):

	December 31, 2022	December 31, 2021
Risk adjustment receivable	$ 838	$ 522
Risk adjustment payable	(780)	(536)
Minimum medical loss ratio	(103)	(196)
Cost sharing reduction receivable	—	69
Cost sharing reduction payable	(99)	(42)

In June 2022, CMS announced the final risk adjustment transfers for the 2021 benefit year. As a result of the announcement, the Company increased its risk adjustment net receivables by $403 million from December 31, 2021. After consideration of minimum MLR and other related impacts, the net pre-tax benefit recognized was approximately $368 million for the year ended December 31, 2022.

10. Debt

Debt consists of the following ($ in millions):

	December 31, 2022	December 31, 2021
$2,500 million 4.25% Senior Notes, due December 15, 2027	$ 2,393	$ 2,484
$2,300 million 2.45% Senior Notes, due July 15, 2028	2,303	2,304
$3,500 million 4.625% Senior Notes, due December 15, 2029	3,277	3,500
$2,000 million 3.375% Senior Notes, due February 15, 2030	2,000	2,000
$2,200 million 3.00% Senior Notes, due October 15, 2030	2,200	2,200
$2,200 million 2.50% Senior Notes, due March 1, 2031	2,200	2,200
$1,300 million 2.625% Senior Notes, due August 1, 2031	1,300	1,300
Total senior notes	15,673	15,988
Term loan credit facility	2,183	2,195
Revolving credit agreement	58	149
Construction loan payable	—	184
Finance leases and other	253	493
Debt issuance costs	(147)	(171)
Total debt	18,020	18,838
Less: current portion	(82)	(267)
Long-term debt	$ 17,938	$ 18,571

Of the Company's total debt, approximately 13% is variable rate debt. Approximately 12% uses the London Interbank Offered Rate (LIBOR) as a reference rate pursuant to the terms of the Company Credit Facility and approximately 1% uses the Sterling Overnight Index Average (SONIA) as a reference rate. The Company believes that the credit agreement will allow Secured Overnight Financing Rate (SOFR) to be used as the new reference rate upon LIBOR's discontinuance. The debt agreements that may be impacted by the discontinuation of LIBOR have provisions included that are sufficient for the Company to transition from the existing LIBOR rates to the prevailing successor market rates as necessary. The document governing the Company Credit Facility includes provisions to convert from LIBOR to SOFR at the time LIBOR ceases to be published.

Senior Notes

2022

In connection with the Magellan acquisition in January 2022, the Company paid off Magellan's debt of $535 million acquired in the transaction using Magellan's cash on hand. Specifically, the Company redeemed Magellan's existing outstanding 4.4% Senior Notes due 2024 and paid off the existing Credit Agreement. The Company recognized an immaterial net pre-tax gain on extinguishment including related fees and expenses and the write-off of the unamortized premium.

During 2022, the Company utilized a portion of the proceeds from the PANTHERx divestiture to repurchase $95 million of its par value Senior Notes due 2027 and $223 million of its par value Senior Notes due 2029 through the Company's senior note debt repurchase program. The Company recognized a $14 million gain on the redemptions of the notes.

2021

In February 2021, the Company issued $2,200 million 2.50% Senior Notes due 2031 (the 2031 Notes). In conjunction with the 2031 Notes offering, the Company completed a tender offer (the Tender Offer) to purchase for cash, subject to certain conditions, any and all of the outstanding aggregate principal amount of the $2,200 million 4.75% Senior Notes due 2025 (the 2025 Notes). The Company used the net proceeds from the 2031 Notes, together with available cash on hand, to fund the purchase price for the 2025 Notes accepted for purchase in the Tender Offer (approximately 36% of the aggregate principal amount outstanding) and used the remaining proceeds to redeem any of the 2025 Notes that remained outstanding following the Tender Offer, including all premiums and accrued interest. The Company recognized a pre-tax loss on extinguishment of $46 million on the redemption of the 2025 Notes, including the call premium, the write-off of the unamortized premium and debt issuance costs, and expenses related to the redemption.

In July 2021, the Company issued $1,800 million 2.45% Senior Notes due 2028 (the 2028 Notes). The Company used the net proceeds from the offering of the 2028 Notes to finance a portion of the cash consideration payable in connection with the acquisition of Magellan Health Inc., which closed in January 2022, and to pay related fees and expenses.

In August 2021, the Company issued $1,800 million aggregate principal amount of Senior Notes which included $500 million aggregate principal amount of additional 2028 Notes at a premium to yield 2.31% and $1,300 million aggregate principal amount of new 2.625% Senior Notes due 2031. The Company used the net proceeds of the offering, together with cash on hand and term loan facility borrowings, to redeem all of its outstanding 5.375% Senior Notes due 2026 and WellCare Health Plans, Inc.'s outstanding 5.375% Senior Notes due 2026 (together the 2026 Notes), including all premiums and accrued interest. The Company recognized a pre-tax loss on extinguishment of $79 million on the redemptions of the 2026 Notes, including the call premium, the write-off of the unamortized premium and debt issuance costs, and expenses related to the redemptions.

The indentures governing the senior notes listed in the table above contain restrictive covenants of Centene Corporation. At December 31, 2022, the Company was in compliance with all covenants.

Foreign Currency Swap

In order to manage the foreign exchange risk associated with an intercompany note receivable related to the Circle Health acquisition, the Company entered into a foreign currency swap agreement for a notional amount of $705 million, to purchase £509 million. The swap agreement was formally designated and qualified as a fair value hedge. All gains and losses due to changes in the fair value of the foreign currency swap completely offset changes in the remeasurement of the intercompany note receivable within investment and other income in the Consolidated Statement of Operations, resulting in no net impact to the Consolidated Statement of Operations.

The fair value of the swap agreement as of December 31, 2021 was $15 million, which was recorded in other current assets in the Consolidated Balance Sheet. The offsetting changes in fair value of the foreign currency swap and the remeasurement on the underlying intercompany note receivable were both recognized in investment and other income in the Consolidated Statements of Operations. The Company does not hold or issue any derivative instruments for trading or speculative purposes.

On March 31, 2022, the foreign currency swap settled in connection with its expiration, and the Company received cash proceeds of $35 million. The Company does not hold or issue any derivative instruments for trading or speculative purposes.

Circle Health Debt Refinancing

In May 2022, the Company refinanced certain debt agreements for its Circle Health subsidiary with a new £250 million credit facility maturing in May 2025. The Company recognized a $13 million pre-tax gain on the extinguishment of the existing debt. As of December 31, 2022, £160 million was drawn on the facility, which is included within Finance leases and other in the table above. The new facility is guaranteed by the Company and has similar borrowing rates and covenants to the Company's Revolving Credit Agreement, except it uses the SONIA as the reference rate for the interest rate payable.

Revolving Credit Facility and Term Loan Credit Facility

In August 2021, the Company amended and restated its existing credit agreement to, among other things, (i) extend the various maturities under the existing Credit Agreement until 2026, (ii) increase the aggregate principal amount of the U.S. dollar unsecured term loan facility under the existing Credit Agreement from $1,450 million to $2,200 million, (iii) increase the maximum total net leverage ratio permitted under the total debt to EBITDA financial covenant from 3.5 to 1.0 to 4.0 to 1.0, (iv) reduce the applicable margin with respect to borrowings to between 1.50% to 1.125%, based on the total debt to EBITDA ratio and type of borrowing and (v) include scheduled amortization payments with respect to the term loan facility equal to 0% for the first year following closing, 2.5% for the second year following closing and 5% thereafter until maturity.

The Company has (i) unsecured $2,000 million multi-currency revolving credit facility (the Revolving Credit Facility), which includes a $300 million sub-limit for letters of credit and a $200 million sub-limit for swingline loans and (ii) a $2,200 million unsecured delayed-draw term loan facility (the Term Loan Facility, and, together with the Revolving Credit Facility, the Company Credit Facility). Borrowings under the Revolving Credit Facility bear interest, at the Company's option, at LIBOR, EURIBOR, CDOR, BBR, or base rates plus, in each case, an applicable margin between 1.50% to 1.125%, based on the total debt to EBITDA ratio and type of borrowing. Borrowings under the Term Loan Facility bear interest, at the Company's option, at LIBOR or base rates plus, in each case, an applicable margin based on the total debt to EBITDA ratio. The Company has an uncommitted option to increase its Company Credit Facility by an additional $500 million plus certain additional amounts based on its total debt to EBITDA ratio. The Company believes that the credit agreement will allow SOFR to be used as the new reference rate upon LIBOR's discontinuance.

The Company Credit Facility contains financial covenants including maintenance of a minimum fixed charge coverage ratio and a restriction on the Company's maximum total debt to EBITDA ratio not to exceed 4.0 to 1.0. It also contains certain non-financial covenants including: limitations on incurrence of additional indebtedness; restrictions on incurrence of liens; restrictions on dividends and other restricted payments; restrictions on investments, mergers, consolidations, and asset sales; and limitations on transactions with affiliates. As of December 31, 2022, the Company was in compliance with all financial and non-financial covenants under the Company Credit Facility.

As of December 31, 2022, the Company had $58 million of borrowings outstanding under the Revolving Credit Facility, with a weighted average interest rate of 4.80%.

The Revolving Credit Facility and the Term Loan Facility will mature on August 16, 2026.

Construction Loan

In October 2017, the Company executed a $200 million non-recourse construction loan to fund the expansion of the Company's corporate headquarters. Until final completion of the project, which occurred in July 2021, the loan bore interest based on the one month LIBOR plus 2.70%, which reduced to LIBOR plus 2.00% at the time construction completed. The agreement contains financial and non-financial covenants similar to those contained in the Company Credit Facility. The Company guaranteed completion of the construction project associated with the loan.

In April 2022, the Company extended the term of the loan for an additional one year. The extension reduced interest on the loan to SOFR plus 1.85% and matures in April 2023. In December 2022, the Company paid off the outstanding balance of the construction loan.

Senior Note Debt Repurchase Program

In June 2022, the Company's Board of Directors authorized a new $1,000 million senior note debt repurchase program in preparation for future debt reductions as part of the Company's strategic value creation initiatives. During the year ended December 31, 2022, the Company repurchased $318 million of its par value senior notes, as described above, for $300 million.

As of December 31, 2022, there was $700 million available under the senior note debt repurchase program.

Letters of Credit & Surety Bonds

The Company had outstanding letters of credit of $217 million as of December 31, 2022, which were not part of the Revolving Credit Facility. The letters of credit bore interest at 0.6% as of December 31, 2022. The Company had outstanding surety bonds of $1,292 million as of December 31, 2022.

Aggregate maturities for the Company's debt for the years ending December 31, are as follows ($ in millions):

	Aggregate Maturities
2023	$ 82
2024	122
2025	313
2026	1,963
2027	2,413
Thereafter	13,286
Total	$ 18,179

The fair value of outstanding debt was approximately $15,791 million and $19,256 million at December 31, 2022 and 2021, respectively.

11. Leases

The Company records ROU assets and lease liabilities for non-cancelable operating leases primarily for real estate and equipment. Leases with an initial term of 12 months or less are not recorded on the balance sheet. Expense related to leases is recorded on a straight-line basis over the lease term, including rent holidays. The Company recognized operating lease expense of $429 million and $390 million during the years ended December 31, 2022 and 2021, respectively.

The Company considers the existence of options to extend or terminate leases in its analysis of the lease term for the purposes of measuring its ROU assets and lease liabilities. The renewal options are not included in the measurement of the ROU assets and lease liabilities unless the Company is reasonably certain to exercise the optional renewal periods.

The following table sets forth the ROU assets and lease liabilities ($ in millions):

	December 31, 2022	December 31, 2021
Assets		
ROU assets (recorded within other long-term assets)	$ 2,554	$ 3,566
Liabilities		
Short-term (recorded within accounts payable and accrued expenses)	$ 180	$ 204
Long-term (recorded within other long-term liabilities)	3,133	3,619
Total lease liabilities	$ 3,313	$ 3,823

Cash paid for amounts included in the measurement of lease liabilities, recorded as operating cash flows in the Consolidated Statements of Cash Flows, was $440 million and $385 million during the years ended December 31, 2022 and 2021, respectively. New operating leases commenced resulting in the recognition of ROU assets and lease liabilities of $60 million and $177 million during the years ended December 31, 2022 and 2021, respectively. In connection with the acquisition of Magellan in January 2022, the Company acquired $30 million of ROU assets and lease liabilities. As of December 31, 2022, the Company had additional operating leases that have not yet commenced of $8 million. These operating leases will commence in 2023 with lease terms ranging from one to eight years.

As part of the real estate optimization initiative as described in Note 6. *Property, Software and Equipment*, the Company vacated and abandoned various domestic leased properties. As a result, the Company assessed the ROU assets for impairment. The Company engaged a third-party real estate specialist to determine the recoverability of the leased properties. The valuation primarily considered comparable leased properties in each market and the assessment of potential future rental income that could be generated by the ROU assets.

As a result of the optimization, the Company recognized $577 million of ROU asset impairments in the year ended December 31, 2022, primarily related to the Managed Care segment. The remainder of the $1,627 million charge was recorded within Property, Software and Equipment, refer to Note 6. *Property, Software and Equipment*.

The weighted average remaining lease term of the Company's operating leases was 20.5 and 21.1 years as of December 31, 2022 and 2021, respectively. The lease liabilities reflect a weighted average discount rate of 5.7% and 5.7% as of December 31, 2022 and 2021, respectively.

Lease payments over the next five years and thereafter are as follows ($ in millions):

	Lease Payments
2023	$ 343
2024	350
2025	325
2026	302
2027	287
Thereafter	4,633
Total lease payments	6,240
Less: imputed interest	(2,927)
Total lease liabilities	$ 3,313

12. Stockholders' Equity

Share Repurchases

The Company's Board of Directors has authorized a stock repurchase program of the Company's common stock from time to time on the open market or through privately negotiated transactions. In 2022, in preparation for the closing of divestitures as well as planning for the future, the Company's Board of Directors authorized increases under the program including $3,000 million in June 2022 and an additional $2,000 million in December 2022. With these increases, the Company is authorized to repurchase up to $6,000 million.

During the third quarter of 2022, the Company entered into an accelerated share repurchase (ASR) agreement with Bank of America to purchase $1,000 million of the Company's common stock in aggregate under the Company's stock repurchase program. In July 2022, 8.6 million shares were delivered to the Company, representing 80% of the notional amount under the ASR. In October 2022, an additional 3.0 million shares were delivered upon settlement of the ASR based upon the volume-weighted average price (VWAP) over the term of the agreement, less a discount, of $86.21. In total, 11.6 million shares were purchased through the $1,000 million ASR. In addition, the Company purchased additional shares throughout the year through open market repurchases, including repurchase plans designed to comply with Rule 10b5-1.

Share repurchases in 2022, 2021, and 2020 were primarily funded through divestiture proceeds. The following represents the Company's share repurchase activity ($ in millions, shares in thousands):

	Year Ended December 31,					
	2022		2021		2020	
	Shares	Cost	Shares	Cost	Shares	Cost
Share buybacks	35,655	$ 2,994	2,402	$ 200	8,672	$ 500
Income tax withholding	1,213	102	1,379	97	2,045	126
Total share repurchases	36,868	$ 3,096	3,781	$ 297	10,717	$ 626

Shares repurchased for income tax withholding are shares withheld in connection with employee stock plans to meet applicable tax withholding requirements. These shares are typically included in the Company's treasury stock, except for the vesting of certain shares assumed in connection with the WellCare acquisition in 2020 and 2021, which were withheld rather than repurchased. Although these shares are not issued, they are treated as common stock repurchases as they reduce the number of shares that would have been issued upon vesting. Shares withheld were 326 thousand shares at an aggregate cost of $19 million, and 407 thousand at an aggregate cost of $24 million, for the years ended December 31, 2021 and 2020, respectively. No shares were withheld under this method in 2022.

As of December 31, 2022, the Company had a remaining amount of $2,806 million available under the Company's stock repurchase program. No duration has been placed on the repurchase program. The Company reserves the right to discontinue the repurchase program at any time.

Shares Issued for Acquisition

In January 2020, the Company issued 171 million shares of Centene common stock with a fair value of $11,431 million and paid $6,079 million in cash in exchange for all the outstanding shares of WellCare common stock. In addition, the Company recorded $95 million related to the fair value of replacement equity awards associated with pre-combination service.

13. Statutory Capital Requirements and Dividend Restrictions

Various state laws require Centene's regulated subsidiaries to maintain minimum capital levels specified by each state and restrict the amount of dividends that may be paid without prior regulatory approval. At December 31, 2022 and 2021, Centene's subsidiaries had aggregate statutory capital and surplus of $16,436 million and $14,039 million, respectively, compared with the required minimum aggregate statutory capital and surplus of $7,979 million and $6,706 million, respectively. As of December 31, 2022, the amount of capital and surplus or net worth that was unavailable for the payment of dividends or return of capital to the Company was $7,979 million in the aggregate.

14. Income Taxes

The consolidated income tax expense consists of the following ($ in millions):

	Year Ended December 31,		
	2022	2021	2020
Current provision			
Federal	$ 1,144	$ 507	$ 959
State and local	261	114	152
International	4	7	4
Total current provision	1,409	628	1,115
Deferred provision	(649)	(151)	(136)
Total income tax expense	$ 760	$ 477	$ 979

The reconciliation of the tax provision at the U.S. federal statutory rate to income tax expense is as follows ($ in millions):

	Year Ended December 31,		
	2022	2021	2020
Earnings before income tax expense	$ 1,962	$ 1,813	$ 2,773
Loss (earnings) attributable to flow through noncontrolling interest	(6)	2	9
Earnings less noncontrolling interest before income tax expense	1,956	1,815	2,782
Tax provision at the U.S. federal statutory rate	411	381	584
State income taxes, net of federal income tax benefit	50	63	106
Nondeductible compensation	49	40	54
Nondeductible PBM legal settlement	(5)	78	—
Nontaxable divestiture (gains) losses	111	(95)	—
Deferred taxes for investments in subsidiaries	84	—	—
ACA health insurer fee	—	—	316
Audit settlement	—	—	(71)
Valuation allowance	(17)	29	(11)
Nondeductible goodwill	69	—	16
Other, net	8	(19)	(15)
Income tax expense	$ 760	$ 477	$ 979

The Company is required to recognize deferred tax assets and liabilities for consolidated subsidiaries that are determined to be held for sale as of December 31, 2022. The Company established a net deferred tax liability of $84 million for these investments in subsidiaries.

The tax effects of temporary differences which give rise to deferred tax assets and liabilities are presented below ($ in millions):

	December 31, 2022	December 31, 2021
Deferred tax assets:		
Medical claims liability	$ 132	$ 120
Nondeductible liabilities	202	215
Net operating loss and tax credit carryforwards	341	357
Compensation accruals	96	205
Premium and trade receivables	91	143
Operating lease liability	397	445
Unrealized loss	320	—
Software development costs	209	—
Other	85	112
Deferred tax assets	1,873	1,597
Valuation allowance	(205)	(212)
Net deferred tax assets	$ 1,668	$ 1,385
Deferred tax liabilities:		
Goodwill and intangible assets	$ 1,724	$ 1,794
Prepaid assets	—	46
Fixed assets	111	409
Right-of-use asset	285	444
Unrealized gain	—	29
Other	163	70
Deferred tax liabilities	2,283	2,792
Net deferred tax liabilities	$ (615)	$ (1,407)

The Company had not historically provided for deferred income taxes on the undistributed earnings of foreign subsidiaries as they were considered indefinitely reinvested outside the U.S. During the fourth quarter of 2022, as part of the Company's review of strategic alternatives for its international portfolio, the Company evaluated its assertion regarding its ability and intent to indefinitely reinvest undistributed earnings of the foreign subsidiaries. Upon evaluating the assertion, the Company determined that any historical or future undistributed earnings of foreign subsidiaries are no longer considered to be indefinitely reinvested. There is no deferred tax liability associated with these earnings.

The increase to the unrealized loss deferred tax asset reflects the change in the fair market value of the Company's investment portfolio. Decreases to the fixed assets and ROU asset deferred tax liabilities are primarily related to the impairments recorded as part of the Company's real estate optimization initiative.

Valuation allowances are provided when it is considered more likely than not that deferred tax assets will not be realized. The valuation allowances primarily relate to future tax benefits on certain federal, state, and foreign net operating loss, federal and state capital loss, and tax credit carryforwards.

Federal net operating loss and credit carryforwards of $69 million expire beginning in 2023 through 2043. State net operating loss and tax credit carryforwards of $51 million expire beginning in 2023 through 2042, while the remaining $15 million have indefinite carryforward periods. Substantially all the non-U.S. tax loss carryforwards of $206 million have indefinite carryforward periods.

The Company maintains a reserve for uncertain tax positions that may be challenged by a tax authority. A rollforward of the beginning and ending amount of uncertain tax positions, exclusive of related interest and penalties, is as follows:

	Year Ended December 31,	
	2022	2021
Gross unrecognized tax benefits, January 1	$ 355	$ 354
Gross increases:		
Current year tax positions	52	9
Acquired reserves	7	—
Prior year tax positions	20	12
Gross decreases:		
Settlements	(17)	(13)
Prior year tax positions	(3)	(4)
Statute of limitation lapses	(4)	(3)
Gross unrecognized tax benefits, December 31	$ 410	$ 355

As of December 31, 2022, $303 million of unrecognized tax benefits would impact the Company's effective tax rate in future periods, if recognized.

The table above excludes interest and penalties, net of related tax benefits, which are treated as income tax expense (benefit) under the Company's accounting policy. The Company recognized net interest expense and penalties related to uncertain positions of $23 million and $1 million expense for the years ended December 31, 2022 and 2021, respectively. The Company had $66 million and $43 million of accrued interest and penalties for uncertain tax positions as of December 31, 2022 and 2021, respectively.

The Company files federal tax returns as well as returns for numerous state and international tax jurisdictions and is engaged in multiple audit proceedings for its state and foreign filings. Generally, no further state or foreign audit activity is expected for years prior to 2015. As of December 31, 2022, the Company's tax returns are under federal examination for the tax years 2014 through 2017, only with respect to Internal Revenue Service (IRS) proposed adjustments relating to the Company's claims to the Domestic Production Activities Deduction for these years. The Company has appealed the IRS adjustments and the appeals process is expected to be conducted within the next 12 months. The Company believes it is reasonably possible that its liability for unrecognized tax benefits will decrease by approximately $124 million within the next 12 months if the Company reaches a satisfactory agreement with the IRS during the appeals process and an additional $3 million decrease as a result of the expiration of statutes of limitations and projected audit settlements in certain jurisdictions.

15. Stock Incentive Plans

The Company's stock incentive plans allow for the granting of restricted stock or restricted stock unit awards and options to purchase common stock. Both incentive stock options and nonqualified stock options can be awarded under the plans. However, an immaterial amount of options were granted, exercised, or outstanding in 2022. The plans have 17 million shares available for future awards.

Compensation expense for stock options and restricted stock unit awards is recognized on a straight-line basis over the vesting period, generally three to five years for stock options and one to three years for restricted stock or restricted stock unit awards. Vesting is accelerated by one year for individuals who qualify under the Company's retirement eligible provisions. The fair value of restricted stock and restricted stock units is determined using the previous day's market close price at the time of grant. The fair value of stock options is determined based on the Black-Scholes option-pricing model. Forfeitures for all stock awards are recognized as they occur. Certain restricted stock unit awards contain performance-based as well as service-based provisions. Certain awards provide for accelerated vesting if there is a change in control as defined in the plans. The total compensation cost that has been charged against income for the stock incentive plans was $234 million, $203 million, and $281 million for the years ended December 31, 2022, 2021, and 2020, respectively. The total income tax benefit recognized in the Statements of Operations for stock-based compensation arrangements was $48 million, $35 million, and $34 million for the years ended December 31, 2022, 2021, and 2020, respectively.

A summary of the Company's non-vested restricted stock and restricted stock unit shares as of December 31, 2022, and changes during the year ended December 31, 2022, is presented below (shares in thousands):

	Shares	Weighted Average Grant Date Fair Value
Non-vested balance, December 31, 2021	7,142	$ 65.30
Granted	2,944	84.18
Converted [(1)]	917	82.65
Vested	(3,553)	67.70
Forfeited	(877)	70.38
Non-vested balance, December 31, 2022	6,573	$ 74.20

[(1)] Magellan awards converted in connection with the acquisition.

The total fair value of restricted stock and restricted stock units vested during the years ended December 31, 2022, 2021, and 2020, was $298 million, $264 million, and $364 million, respectively.

As of December 31, 2022, there was $249 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the plans; that cost is expected to be recognized over a weighted-average period of 1.8 years.

The Company maintains an employee stock purchase plan and issued 449 thousand shares, 516 thousand shares, and 487 thousand shares in 2022, 2021, and 2020, respectively.

16. Retirement Plan

Centene has a defined contribution plan which covers substantially all employees who are at least 21 years of age. Under the plan, eligible employees may contribute a percentage of their base salary, subject to certain limitations. Centene may elect to match a portion of the employee's contribution. Company expense related to matching contributions to the plan was $133 million, $105 million, and $91 million during the years ended December 31, 2022, 2021, and 2020, respectively.

17. Commitments

In connection with obtaining regulatory approval of the Magellan Health acquisition, the Company entered into certain undertakings with the Department of Managed Health Care in 2022. These undertakings contain various commitments by the Company effective upon completion of the Magellan Health acquisition. As part of the undertaking, the Company shall contribute $10 million to the Purchaser Business Group on Health (PBGH) to be paid over a five-year period for initiatives consistent with the Company's mission of implementing and spreading innovative programs and best practices to increase health care value. As a result of the closing of the Magellan acquisition, the $10 million contribution to PBGH was expensed during 2022. As of December 31, 2022, the Company has paid $1.5 million.

In connection with obtaining regulatory approval of the Fidelis Care acquisition, the Company entered into certain undertakings with the New York State Department of Health in 2018. These undertakings contain various commitments by the Company effective upon completion of the Fidelis Care acquisition. One of the undertakings includes a $340 million contribution by the Company to the State of New York to be paid over a five-year period for initiatives consistent with the Company's mission of providing high-quality healthcare to vulnerable populations within New York State. The Company has fulfilled this undertaking as of December 31, 2022.

The Company also committed to certain undertakings with the California Department of Insurance and the California Department of Managed Health Care in connection with obtaining regulatory approval of the Health Net acquisition in 2016. The Health Net commitments related to the undertakings are as follows:

- invest an additional $30 million through the California Organized Investment Network over the five years following completion of the acquisition; the Company fulfilled this undertaking in 2020;
- build a service center in an economically distressed community in California, investing $200 million over 10 years and employing at least 300 people, of which the Company has incurred $109 million through 2022;
- contribute $65 million to improve enrollee health outcomes, support locally-based consumer assistance programs, and strengthen the healthcare delivery system, of which the Company has contributed $49 million through 2022 with remaining $16 million scheduled to be paid equally over 2023 and 2024; and
- invest $75 million of its investment portfolio in vehicles supporting California's healthcare infrastructure, and the Company fulfilled this undertaking in 2022.

18. Contingencies

Overview

The Company is routinely subjected to legal and regulatory proceedings in the normal course of business. These matters can include, without limitation:

- periodic compliance and other reviews and investigations by various federal and state regulatory agencies with respect to requirements applicable to the Company's business, including, without limitation, those related to payment of out-of-network claims, submissions to CMS for risk adjustment payments, or the False Claims Act, the calculation of minimum MLR and rebates related thereto, submissions to state agencies related to payments or state false claims acts, pre-authorization penalties, timely review of grievances and appeals, timely and accurate payment of claims, cybersecurity issues, including those related to the Company's or the Company's third-party vendors' information systems, and the Health Insurance Portability and Accountability Act of 1996 and other federal and state fraud, waste and abuse laws;
- litigation arising out of general business activities, such as tax matters, disputes related to healthcare benefits coverage or reimbursement, putative securities class actions, and medical malpractice, privacy, real estate, intellectual property, and employment-related claims; and
- disputes regarding reinsurance arrangements, claims arising out of the acquisition or divestiture of various assets, class actions, and claims relating to the performance of contractual and non-contractual obligations to providers, members, employer groups, and others, including, but not limited to, the alleged failure to properly pay claims and challenges to the manner in which the Company processes claims, claims related to network adequacy and claims alleging that the Company has engaged in unfair business practices.

Among other things, these matters may result in awards of damages, fines, or penalties, which could be substantial, and/or could require changes to the Company's business. The Company intends to vigorously defend itself against legal and regulatory proceedings to which it is currently a party; however, these proceedings are subject to many uncertainties. In some of the cases pending against the Company, substantial non-economic or punitive damages are being sought.

The Company records reserves and accrues costs for certain legal proceedings and regulatory matters to the extent that it determines an unfavorable outcome is probable and the amount of the loss can be reasonably estimated. While such reserves and accrued costs reflect the Company's best estimate of the probable loss for such matters, the recorded amounts may differ materially from the actual amount of any such losses. In some cases, no estimate of the possible loss or range of loss in excess of amounts accrued, if any, can be made because of the inherently unpredictable nature of legal and regulatory proceedings, which may be exacerbated by various factors, including but not limited to, they may involve indeterminate claims for monetary damages or may involve fines, penalties or punitive damages; present novel legal theories or legal uncertainties; involve disputed facts; represent a shift in regulatory policy; involve a large number of parties, claimants or regulatory bodies; are in the early stages of the proceedings; involve a number of separate proceedings and/or a wide range of potential outcomes; or result in a change of business practices.

As of the date of this report, amounts accrued for legal proceedings and regulatory matters were not material, except for the reserve estimate as described below with respect to claims or potential claims involving services provided by Envolve Pharmacy Solutions, Inc. (Envolve), as the Company’s pharmacy benefits management (PBM) subsidiary. It is possible that in a particular quarter or annual period the Company's financial condition, results of operations, cash flow, and/or liquidity could be materially adversely affected by an ultimate unfavorable resolution of or development in legal and/or regulatory proceedings, including as described below. Except for the proceedings discussed below, the Company believes that the ultimate outcome of any of the regulatory and legal proceedings that are currently pending against it should not have a material adverse effect on financial condition, results of operations, cash flow, or liquidity.

California

On October 20, 2015, the Company's California subsidiary, Health Net of California, Inc. (Health Net California), was named as a defendant in a California taxpayer action filed in Los Angeles County Superior Court, captioned as Michael D. Myers v. State Board of Equalization, Dave Jones, Insurance Commissioner of the State of California, Betty T. Yee, Controller of the State of California, et al., Los Angeles Superior Court Case No. BS158655. This action is brought under a California statute that permits an individual taxpayer to sue a governmental agency when the taxpayer believes the agency has failed to enforce governing law. Plaintiff contends that Health Net California, a California licensed Health Care Service Plan (HCSP), is an "insurer" for purposes of taxation despite acknowledging it is not an "insurer" under regulatory law. Under California law, "insurers" must pay a gross premiums tax (GPT), calculated as 2.35% on gross premiums. As a licensed HCSP, Health Net California has paid the California Corporate Franchise Tax (CFT), the tax generally paid by California businesses. Plaintiff contends that Health Net California must pay the GPT rather than the CFT. Plaintiff seeks a writ of mandate directing the California taxing agencies to collect the GPT, and seeks an order requiring Health Net California to pay GPT, interest, and penalties for a period dating to eight years prior to the October 2015 filing of the complaint. This lawsuit is being coordinated with similar lawsuits filed against other entities (collectively, Related Actions). In March 2018, the Court overruled the Company's demurrer seeking to dismiss the complaint and denied the Company's motion to strike allegations seeking retroactive relief. In August 2018, the trial court stayed all the Related Actions pending determination of a writ of mandate by the California Court of Appeals in two of the Related Actions. In March 2019, the California Court of Appeals denied the writ of mandate. The defendants in those Related Actions sought review by the California Supreme Court, which declined to review the matter. Upon the return of the matter to the Los Angeles County Superior Court, motions for summary judgment were scheduled. Health Net California's motion for summary judgment was heard by the Court in March 2020. In March 2020, the Court granted Health Net California's motion for summary judgment. In September 2020, the plaintiff appealed the Court's decision. The Company intends to continue its vigorous defense against these claims; however, this matter is subject to many uncertainties, and an adverse outcome in this matter could potentially have a materially adverse impact on the Company's financial condition, results of operations, and cash flows.

Beginning in April 2021, several lawsuits have been filed against the Company and its subsidiaries, alleging that the defendants failed to prevent Health Net members' personal and health data from being exposed in connection with a data breach involving Accellion's File Transfer Appliance. The Company denies any wrongdoing and is seeking indemnification from Accellion for these claims. In December 2021, the plaintiffs in three of the pending actions filed a motion for preliminary approval of a settlement with the Company and its subsidiaries, which, if approved by the court, should resolve most or all of the pending litigation. In addition, claims related to these lawsuits are anticipated to be covered in part by the Company's insurance carrier. As a result, while these matters are subject to many uncertainties, the Company does not believe that an adverse outcome in these matters is likely to have a materially adverse impact on the Company's financial condition, results of operations, and cash flows.

Pharmacy Benefits Management Matters

On March 11, 2021, the State of Ohio filed a civil action against the Company and the Company's subsidiaries, Buckeye Health Plan Community Solutions, Inc. and Envolve, in Franklin County Court of Common Pleas, captioned as Ohio Department of Medicaid, et al. v. Centene Corporation, et al. The complaint alleged breaches of contract with the Ohio Department of Medicaid relating to the provision of PBM services and violations of Ohio law relating to such contracts, including among other things, by (i) seeking payment for services already reimbursed, (ii) not accurately disclosing to the Ohio Department of Medicaid the true cost of the PBM services and (iii) inflating dispensing fees for prescription drugs. The plaintiffs sought an undisclosed sum of money in damages, penalties, and possible termination of the contract with Buckeye Health Plan.

The Company has reached no-fault agreements with the Attorney Generals, including Ohio, to resolve claims and/or allegations made by the states related to services previously provided by Envolve. As a result of the settlement, the Ohio Attorney General's litigation against the Company was dismissed. Additionally, the Company is in discussions to bring final resolution to similar concerns in other affected states. Consistent with those discussions, the Company recorded a reserve estimate of $1,250 million in the second quarter of 2021 related to this issue, inclusive of the above settlements and rebates that the Company determined in the course of the matter are payable across products. Additional claims, reviews, or investigations relating to the Company's historical PBM business across products may be brought by other states, the federal government, or shareholder litigants, and there is no guarantee the Company will have the ability to settle such claims with other states within the reserve estimate the Company has recorded and on other acceptable terms, or at all. This matter is subject to many uncertainties, and an adverse outcome in this matter could have an adverse impact on the Company's financial condition, results of operations, and cash flows.

19. Earnings Per Share

The following table sets forth the calculation of basic and diluted net earnings per common share ($ in millions, except per share data in dollars and shares in thousands):

	Year Ended December 31,		
	2022	**2021**	**2020**
Earnings attributable to Centene Corporation	$ 1,202	$ 1,347	$ 1,808
Shares used in computing per share amounts:			
Weighted average number of common shares outstanding	575,191	582,832	570,722
Common stock equivalents (as determined by applying the treasury stock method)	6,849	7,684	8,413
Weighted average number of common shares and potential dilutive common shares outstanding	582,040	590,516	579,135
Net earnings per common share attributable to Centene Corporation:			
Basic earnings per common share	$ 2.09	$ 2.31	$ 3.17
Diluted earnings per common share	$ 2.07	$ 2.28	$ 3.12

The calculation of diluted earnings per common share for 2022, 2021, and 2020 excludes the impact of 187 thousand shares, 44 thousand shares, and 398 thousand shares, respectively, related to anti-dilutive stock options and restricted stock units.

20. Segment Information

Centene operates in two segments: Managed Care and Specialty Services. The Managed Care segment consists of Centene's health plans, including all of the functions needed to operate them. The Specialty Services segment consists of Centene's specialty companies offering auxiliary healthcare services and products. Factors used in determining the reportable business segments include the nature of operating activities, the existence of separate senior management teams, and the type of information presented to the Company's chief operating decision-maker to evaluate all results of operations.

In early 2023, and in conjunction with the Company's updated strategic plan, executive leadership realignment, and corresponding 2023 divestitures, the Company has revised the way it manages the business, evaluates performance, and allocates resources, resulting in an updated segment structure comprised of (1) a Medicaid segment, (2) a Medicare segment, (3) a Commercial segment and (4) an Other segment. The Company will begin reporting under this new segment structure in 2023.

The Company does not report total assets by segment since this is not a metric used to allocate resources or evaluate segment performance.

As further discussed in Note 3. *Acquisitions and Divestitures*, as part of the Company's ongoing portfolio review various divestitures were pending or completed during the year ended December 31, 2022. The Spanish and Central European businesses were included in the Managed Care segment. The PANTHERx, Magellan Rx, Magellan Specialty Health, Centurion, and HealthSmart businesses were included in the Specialty Services segment.

Segment information for the year ended December 31, 2022, follows ($ in millions):

	Managed Care	Specialty Services	Eliminations	Consolidated Total
Total revenues from external customers	$ 135,055	$ 9,492	$ —	$ 144,547
Total revenues from internal customers	8	13,273	(13,281)	—
Total revenues	$ 135,063	$ 22,765	$ (13,281)	$ 144,547
Earnings (loss) from operations	$ 1,913	$ (595)	$ —	$ 1,318

Segment information for the year ended December 31, 2021, follows ($ in millions):

	Managed Care	Specialty Services	Eliminations	Consolidated Total
Total revenues from external customers	$ 120,119	$ 5,863	$ —	$ 125,982
Total revenues from internal customers	6	12,789	(12,795)	—
Total revenues	$ 120,125	$ 18,652	$ (12,795)	$ 125,982
Earnings (loss) from operations	$ 1,789	$ (5)	$ —	$ 1,784

Segment information for the year ended December 31, 2020, follows ($ in millions):

	Managed Care	Specialty Services	Eliminations	Consolidated Total
Total revenues from external customers	$ 106,862	$ 4,253	$ —	$ 111,115
Total revenues from internal customers	5	10,741	(10,746)	—
Total revenues	$ 106,867	$ 14,994	$ (10,746)	$ 111,115
Earnings from operations	$ 3,031	$ 51	$ —	$ 3,082

21. Condensed Financial Information of Registrant

Centene Corporation (Parent Company Only)
Condensed Balance Sheets
(In millions, except shares in thousands and per share data in dollars)

	December 31, 2022	December 31, 2021
ASSETS		
Current assets:		
Cash and cash equivalents	$ 12	$ 9
Short-term investments	—	1
Other current assets	6	738
Total current assets	18	748
Long-term investments	66	128
Investment in subsidiaries	42,306	45,117
Other long-term assets	422	271
Total assets	$ 42,812	$ 46,264
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current liabilities	$ 534	$ 619
Current portion of long-term debt	69	14
Total current liabilities	603	633
Long-term debt	17,699	18,148
Other long-term liabilities	273	461
Total liabilities	18,575	19,242
Redeemable noncontrolling interest	56	82
Stockholders' equity:		
Preferred stock, $0.001 par value; authorized 10,000 shares; no shares issued or outstanding at December 31, 2022 and December 31, 2021	—	—
Common stock, $0.001 par value; authorized 800,000 shares; 607,847 issued and 550,754 outstanding at December 31, 2022, and 602,704 issued and 582,479 outstanding at December 31, 2021	1	1
Additional paid-in capital	20,060	19,672
Accumulated other comprehensive earnings (loss)	(1,132)	77
Retained earnings	9,341	8,139
Treasury stock, at cost (57,093 and 20,225 shares, respectively)	(4,213)	(1,094)
Total Centene stockholders' equity	24,057	26,795
Noncontrolling interest	124	145
Total stockholders' equity	24,181	26,940
Total liabilities, redeemable noncontrolling interests and stockholders' equity	$ 42,812	$ 46,264

See notes to condensed financial information of registrant.

Centene Corporation (Parent Company Only)
Condensed Statements of Operations
(In millions, except per share data in dollars)

	Year Ended December 31,		
	2022	**2021**	**2020**
Expenses:			
Selling, general and administrative expenses	$ 21	$ 9	$ 13
Contingent consideration	—	—	(1)
Legal settlement	33	1,116	—
Other income (expense):			
Investment and other income	55	38	5
Gain on divestiture	13	118	104
Debt extinguishment	14	(125)	(61)
Interest expense	(643)	(641)	(723)
(Loss) before income taxes	(615)	(1,735)	(687)
Income tax benefit	(208)	(308)	(331)
Net (loss) before equity in subsidiaries	(407)	(1,427)	(356)
Equity in earnings from subsidiaries	1,609	2,763	2,150
Net earnings	1,202	1,336	1,794
Loss attributable to noncontrolling interests	—	11	14
Net earnings attributable to Centene Corporation	$ 1,202	$ 1,347	$ 1,808
Net earnings per common share attributable to Centene Corporation:			
Basic earnings per common share	$ 2.09	$ 2.31	$ 3.17
Diluted earnings per common share	$ 2.07	$ 2.28	$ 3.12

See notes to condensed financial information of registrant.

Centene Corporation (Parent Company Only)
Condensed Statements of Cash Flows
(In millions)

	Year Ended December 31,		
	2022	**2021**	**2020**
Cash flows from operating activities:			
Dividends from subsidiaries, return on investment	$ 1,706	$ 2,194	$ 739
Payments for legal settlement	(282)	(298)	—
Other operating activities, net	(450)	(582)	(287)
Net cash provided by operating activities	974	1,314	452
Cash flows from investing activities:			
Capital contributions to subsidiaries	(880)	(1,217)	(761)
Purchases of investments	(2)	(723)	(111)
Sales and maturities of investments	—	66	11
Dividends from subsidiaries, return of investment	10	241	87
Investments in acquisitions	(2,431)	(151)	(7,188)
Proceeds from divestitures	—	130	533
Intercompany activities	5,785	(1,709)	1,185
Other investing activities, net	3	—	(12)
Net cash (used in) provided by investing activities	2,485	(3,363)	(6,256)
Cash flows from financing activities:			
Proceeds from common stock issuances	70	35	28
Proceeds from long-term debt	75	9,066	4,870
Payments and repurchases of long-term debt	(491)	(7,207)	(3,875)
Common stock repurchases	(3,096)	(297)	(626)
Payments for debt extinguishment	(14)	(157)	(81)
Debt issuance costs	—	(72)	(120)
Other financing activities, net	—	22	19
Net cash (used in) provided by financing activities	(3,456)	1,390	215
Net increase (decrease) in cash and cash equivalents	3	(659)	(5,589)
Cash and cash equivalents, beginning of period	9	668	6,257
Cash and cash equivalents, end of period	$ 12	$ 9	$ 668

See notes to condensed financial information of registrant.

Notes to Condensed Financial Information of Registrant

Note A - Basis of Presentation and Significant Accounting Policies

The parent company only financial statements should be read in conjunction with Centene Corporation's audited consolidated financial statements and the notes to consolidated financial statements included in this Form 10-K.

The parent company's investment in subsidiaries is stated at cost plus equity in undistributed earnings of the subsidiaries. The parent company's share of net income of its unconsolidated subsidiaries is included in income using the equity method of accounting. Certain unrestricted subsidiaries receive monthly management fees from the Company's restricted subsidiaries. The management and service fees received by its unrestricted subsidiaries are associated with all of the functions required to manage the restricted subsidiaries including but not limited to salaries and wages for all personnel, rent, utilities, population health management, provider contracting, compliance, member services, claims processing, information technology, cash management, finance and accounting, and other services. The management fees are based either on a percentage of the restricted subsidiaries' revenue or a cost basis reimbursement.

Due to the Company's centralized cash management function, cash flows generated by its unrestricted subsidiaries are utilized by the parent company to the extent required, primarily to repay borrowings on the parent company's credit facilities, repurchase the parent company's common stock, make acquisitions, fund capital contributions to subsidiaries, and fund its operations.

Certain amounts presented in the parent company only financial statements are eliminated in the consolidated financial statements of Centene Corporation.

Item 9. ***Changes in and Disagreements With Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Controls and Procedures***

Evaluation of Disclosure Controls and Procedures - Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2022. The term "disclosure controls and procedures," as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls, and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and management necessarily applies its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based on the evaluation of our disclosure controls and procedures as of December 31, 2022, our Chief Executive Officer and Chief Financial Officer concluded that, as of such date, our disclosure controls and procedures were effective.

Management's Report on Internal Control Over Financial Reporting - Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on our evaluation under the framework in *Internal Control - Integrated Framework (2013)*, our management concluded that our internal control over financial reporting was effective at the reasonable assurance level as of December 31, 2022. Our management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 2022, has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report which is included herein.

Changes in Internal Control Over Financial Reporting - No change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the year ended December 31, 2022, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Centene Corporation:

Opinion on Internal Control Over Financial Reporting

We have audited Centene Corporation and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2022 and 2021, the related consolidated statements of operations, comprehensive earnings (loss), stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2022, and the related notes (collectively, the consolidated financial statements), and our report dated February 21, 2023, expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

St. Louis, Missouri
February 21, 2023

Item 9B. ***Other Information***

On February 20, 2023, in connection with the appointment of Kenneth Fasola as President of the Company and James E. Murray as Chief Operating Officer of the Company in December 2022, the Company entered into employment agreements with Messrs. Fasola and Murray.

Pursuant to the terms of Mr. Fasola's employment agreement, Mr. Fasola will receive (i) an annual base salary of $1,100,000, (ii) an annual cash incentive bonus target under the Centene Corporation Short-Term Executive Compensation Plan of 125% of base salary, (iii) long-term equity incentive awards under the Centene Corporation 2012 Stock Incentive Plan, as amended (the "2012 Plan") with amounts and terms determined by the Compensation Committee (with an aggregate grant date value of $6,025,000 for 2023), (iv) a one-time $1,000,000 cash award, and (v) cash severance upon a qualifying termination equal to annual base salary, a prorated annual bonus, and continued medical benefits at active employee rates for 12 months.

Pursuant to the terms of Mr. Murray's employment agreement, Mr. Murray will receive (i) an annual base salary of $750,000, (ii) an annual cash incentive bonus target under the Centene Corporation Short-Term Executive Compensation Plan of 100% of base salary, (iii) long-term equity incentive awards under the 2012 Plan with amounts and terms determined by the Compensation Committee (with an aggregate grant date value of $4,250,000 for 2023), and (iv) cash severance upon a qualifying termination equal to annual base salary, a prorated annual bonus, and continued medical benefits at active employee rates for 12 months.

Item 9C. ***Disclosure Regarding Foreign Jurisdictions that Prevent Inspections***

Not applicable

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***

(a) Directors of the Registrant

Information concerning our directors will appear in our Proxy Statement for our 2023 annual meeting of stockholders under "Proposal One: Election of Directors." This portion of the Proxy Statement is incorporated herein by reference.

(b) Information about our Executive Officers

Pursuant to General Instruction G(3) to Form 10-K and the Instruction to Item 401 of Regulation S-K, information regarding our executive officers is provided in Item 1 of Part I of this Annual Report on Form 10-K under the caption "Information about our Executive Officers."

Information concerning our executive officers' compliance with Section 16(a) of the Exchange Act will appear in our Proxy Statement for our 2023 annual meeting of stockholders under "Delinquent Section 16(a) Reports," if applicable.

(c) Corporate Governance

Information concerning certain corporate governance matters, including information concerning our audit committee financial expert and identification of our Audit and Compliance Committee, and our code of ethics will appear in our Proxy Statement for our 2023 annual meeting of stockholders under "Corporate Governance." These portions of our Proxy Statement are incorporated herein by reference.

Item 11. ***Executive Compensation***

Information concerning executive compensation will appear in our Proxy Statement for our 2023 Annual Meeting of Stockholders under "Executive Compensation." Information concerning Compensation and Talent Committee interlocks and insider participation will appear in the Proxy Statement for our 2023 Annual Meeting of Stockholders under "Compensation Committee Interlocks and Insider Participation." These portions of the Proxy Statement are incorporated herein by reference.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

Information concerning the security ownership of certain beneficial owners and management and our equity compensation plans will appear in our Proxy Statement for our 2023 annual meeting of stockholders under "Beneficial Stock Ownership" and "Equity Compensation Plan Information." These portions of the Proxy Statement are incorporated herein by reference.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

Information concerning director independence, certain relationships, and related transactions will appear in our Proxy Statement for our 2023 annual meeting of stockholders under "Corporate Governance," "Independence of Directors," and "Related Party Transactions." These portions of our Proxy Statement are incorporated herein by reference.

Item 14. ***Principal Accountant Fees and Services***

Our independent registered public accounting firm is KPMG LLP, St. Louis, MO. The Auditor Firm ID is 185.

Information concerning principal accountant fees and services will appear in our Proxy Statement for our 2023 annual meeting of stockholders under "Proposal Four: Ratification of Appointment of Independent Registered Public Accounting Firm." This portion of our Proxy Statement is incorporated herein by reference.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

(a) **Financial Statements and Schedules**

The following documents are filed under Item 8 of this report:

1. Financial Statements:

Report of Independent Registered Public Accounting Firm
Consolidated Balance Sheets as of December 31, 2022 and 2021
Consolidated Statements of Operations for the years ended December 31, 2022, 2021 and 2020
Consolidated Statements of Comprehensive Earnings (Loss) for the years ended December 31, 2022, 2021 and 2020
Consolidated Statements of Stockholders' Equity for the years ended December 31, 2022, 2021 and 2020
Consolidated Statements of Cash Flows for the years ended December 31, 2022, 2021 and 2020
Notes to Consolidated Financial Statements

2. Financial Statement Schedules:

None.

3. The exhibits listed in the accompanying Exhibit Index are filed or incorporated by reference as part of this filing.

EXHIBIT INDEX

EXHIBIT NUMBER		DESCRIPTION	FILED WITH THIS FORM 10-K	INCORPORATED BY REFERENCE		
				FORM	FILING DATE WITH SEC	EXHIBIT NUMBER
2.1		Agreement and Plan of Merger, dated as of March 26, 2019, by and among Centene Corporation, Wellington Merger Sub I, Inc., Wellington Merger Sub II, Inc., and WellCare Health Plans, Inc.		8-K	March 27, 2019	2.1
2.2	+	Agreement and Plan of Merger, dated as of January 4, 2021, by and among Centene Corporation, Mayflower Merger Sub, Inc. and Magellan Health, Inc.		8-K	January 4, 2021	2.1
3.1		Amended and Restated Certificate of Incorporation of Centene Corporation, dated September 27, 2022		8-K	September 30, 2022	3.1
3.2		Amended and Restated By-laws of Centene Corporation, effective September 27, 2022		8-K	September 30, 2022	3.2
4.1		Description of Securities of the Company	X			
4.2		Indenture, dated as of December 6, 2019, by and between Centene Corporation, as issuer, and The Bank of New York Mellon Trust Company, N.A., as trustee, relating to the Company's 4.25% Senior Notes due 2027 (including the Form of Global Note attached thereto)		8-K	December 6, 2019	4.2
4.3		Indenture, dated as of December 6, 2019, by and between Centene Corporation, as issuer, and The Bank of New York Mellon Trust Company, N.A., as trustee, relating to the Company's 4.625% Senior Notes due 2029 (including the Form of Global Note attached thereto)		8-K	December 6, 2019	4.3
4.4		Indenture, dated as of February 13, 2020, by and between Centene Corporation, as issuer, and The Bank of New York Mellon Trust Company, N.A., as trustee, relating to the Company's 3.375% Senior Notes due 2030 (including the Form of Global Note attached thereto)		8-K	February 13, 2020	4.1
4.5		Base Indenture, dated as of October 7, 2020, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee		8-K	October 7, 2020	4.1
4.6		First Supplemental Indenture, dated as of October 7, 2020, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee		8-K	October 7, 2020	4.2
4.7		Second Supplemental Indenture, dated as of February 17, 2021, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee		8-K	February 17, 2021	4.2
4.8		Third Supplemental Indenture, dated as of July 1, 2021, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee		8-K	July 1, 2021	4.2
4.9		Fourth Supplemental Indenture, dated as of August 12, 2021, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee		8-K	August 12, 2021	4.4
10.1	*	2002 Employee Stock Purchase Plan, As Amended and Restated		10-Q	July 23, 2019	10.1
10.2	*	Amendment No.1 to the 2002 Employee Stock Purchase Plan, As Amended and Restated		S-8	May 22, 2020	4.2
10.3	*	Centene Corporation 2012 Stock Incentive Plan, as amended		8-K	April 30, 2021	10.1
10.4	*	Amended and Restated Non-Employee Directors Deferred Stock Compensation Plan		10-Q	July 28, 2015	10.1

10.5	*	Amended and Restated Voluntary Nonqualified Deferred Compensation Plan	X			
10.6	*	Centene Corporation 2007 Long-Term Incentive Plan, as Amended		10-K	February 22, 2021	10.6
10.7	*	Centene Corporation Short-Term Executive Compensation Plan		10-K	February 22, 2011	10.12
10.8	*	Executive Employment Agreement between Centene Corporation and Michael F. Neidorff, dated November 8, 2004		8-K	November 9, 2004	10.1
10.8a	*	Amendment No. 1 of Executive Employment Agreement between Centene Corporation and Michael F. Neidorff		10-Q	October 28, 2008	10.2
10.8b	*	Amendment No. 2 of Executive Employment Agreement between Centene Corporation and Michael F. Neidorff		10-Q	April 28, 2009	10.2
10.8c	*	Amendment No. 3 of Executive Employment Agreement between Centene Corporation and Michael F. Neidorff		10-Q	October 23, 2012	10.2
10.8d	*	Amendment No. 4 of Executive Employment Agreement between Centene Corporation and Michael F. Neidorff		8-K	May 16, 2013	10.1
10.8e	*	Amendment No. 5 of Executive Employment Agreement between Centene Corporation and Michael F. Neidorff		8-K	December 14, 2016	10.1
10.8f	*	Amendment No. 6 of Executive Employment Agreement between Centene Corporation and Michael F. Neidorff		8-K	February 4, 2019	10.1
10.8g	*	Amendment No 7. of Executive Employment Agreement between Centene Corporation and Michael F. Neidorff		10-K	February 22, 2022	10.8g
10.8h	*	Amendment No.8 of Executive Employment Agreement between Centene Corporation and Michael F. Neidorff		10-K	February 22, 2022	10.8h
10.9	*	Form of Executive Severance and Change in Control Agreement		10-Q	October 28, 2008	10.3
10.9a	*	Amendment No. 1 of Form of Executive Severance and Change in Control Agreement		10-Q	October 23, 2012	10.3
10.9b	*	Amendment No. 2 of Form of Executive Severance and Change in Control Agreement		10-Q	April 28, 2015	10.1
10.10	*	Form of Non-statutory Stock Option Agreement (Employees)		10-Q	October 28, 2008	10.5
10.11	*	Form of Non-statutory Stock Option Agreement (Employees) #2		10-K	February 22, 2021	10.11
10.12	*	Form of Non-statutory Stock Option Agreement (Employees) #3		10-K	February 22, 2022	10.12
10.13	*	Form of Non-statutory Stock Option Agreement (Directors)	X			
10.14	*	Form of Restricted Stock Agreement (Directors)	X			
10.15	*	Form of Restricted Stock Unit Agreement #1		10-K	February 21, 2017	10.20
10.16	*	Form of Restricted Stock Unit Agreement #2		8-K	December 21, 2020	10.1
10.17	*	Form of Performance Based Restricted Stock Unit Agreement #1		10-K	February 21, 2017	10.23
10.18	*	Form of Performance Based Restricted Stock Unit Agreement #2		8-K	December 21, 2020	10.2
10.19	*	Form of Long-Term Incentive Plan Agreement		8-K	December 21, 2020	10.3

10.20		Fourth Amended and Restated Credit Agreement, dated as of August 16, 2021, among the Company, Wells Fargo Bank, National Association, as administrative agent, and the lenders and other parties thereto		8-K	August 18, 2021	1.1
10.21		Cooperation Agreement between Centene Corporation and Politan Capital Management LP, dated December 14, 2021		8-K	December 14, 2021	10.1
10.22	*	Executive Employment Agreement between Centene Corporation and Sarah M. London, dated April 27, 2022		10-Q	July 26, 2022	10.1
10.22a	*	Amendment of Executive Employment Agreement between Centene Corporation and Sarah M. London, dated February 20, 2023	X			
10.23	*	Executive Employment Agreement between Centene Corporation and Andrew Asher, dated April 28, 2022		10-Q	July 26, 2022	10.3
10.23a	*	Amendment of Executive Employment Agreement between Centene Corporation and Andrew Asher, dated February 20, 2023	X			
10.24	*	Executive Employment Agreement between Centene Corporation and Kenneth Fasola, dated February 20, 2023	X			
10.25	*	Executive Employment Agreement between Centene Corporation and James E. Murray, dated February 20, 2023	X			
10.26	*	Executive Employment Agreement between Centene Corporation and Brent Layton, dated April 27, 2022		10-Q	July 26, 2022	10.2
10.26a	*	Amendment of Executive Employment Agreement between Centene Corporation and Brent Layton dated December 13, 2022		8-K	December 14, 2022	10.1
10.27	*	Transition Services Agreement between Centene Corporation and Kenneth Burdick, dated February 21, 2020		10-K	February 22, 2021	10.25
10.28	*	Transition Agreement between Centene Corporation and Jesse Hunter, dated October 26, 2021		10-K	February 22, 2022	10.30
10.29	*	Magellan Health, Inc. 2016 Management Incentive Plan, effective as of May 18, 2016		DEF14A[1]	April 8, 2016	A
10.30	*	Magellan Health Services, Inc. 2011 Management Incentive Plan, effective as of May 18, 2011		DEF14A[1]	April 8, 2011	A
10.31	*	Executive Officer Cash Severance Policy	X			
21		List of subsidiaries	X			
23		Consent of Independent Registered Public Accounting Firm incorporated by reference in each prospectus constituting part of the Registration Statements on Form S-8 (File Numbers 333-261993, 333-255735, 333-238597, 333-236036, 333-217634, 333-210376, 333-197737, 333-180976, 333-108467, and 333-90976) and on Form S-3 (File Number 333-238050)	X			
31.1		Certification Pursuant to Rule 13a-14(a) and 15d-14(a) of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer)	X			
31.2		Certification Pursuant to Rule 13a-14(a) and 15d-14(a) of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (Chief Financial Officer)	X			
32.1		Certification Pursuant to 18 U.S.C. Section 1350 (Chief Executive Officer)	X			

32.2	Certification Pursuant to 18 U.S.C. Section 1350 (Chief Financial Officer)	X
101	The following materials from the Centene Corporation Annual Report on Form 10-K for the fiscal year ended December 31, 2022, formatted in Inline Extensible Business Reporting Language (iXBRL): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Earnings (Loss), (iv) the Consolidated Statements of Stockholders' Equity, (v) the Consolidated Statements of Cash Flows and (vi) related notes.	X
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)	X

1 SEC File No. 001-06639
+ Schedules (as similar attachments) have been omitted from this filing pursuant to Item 601(a)(5) of Regulation S-K.
* Indicates a management contract or compensatory plan or arrangement.

Item 16. ***Form 10-K Summary***

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, as of February 21, 2023.

CENTENE CORPORATION

By: /s/ SARAH M. LONDON

Sarah M. London
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities as indicated, as of February 21, 2023.

Signature	Title
/s/ Sarah M. London **Sarah M. London**	Chief Executive Officer (principal executive officer)
/s/ Andrew L. Asher **Andrew L. Asher**	Executive Vice President, Chief Financial Officer (principal financial officer)
/s/ Katie N. Casso **Katie N. Casso**	Senior Vice President, Corporate Controller and Chief Accounting Officer (principal accounting officer)
/s/ Orlando Ayala **Orlando Ayala**	Director
/s/ Jessica L. Blume **Jessica L. Blume**	Director
/s/ Kenneth A. Burdick **Kenneth A. Burdick**	Director
/s/ Christopher J. Coughlin **Christopher J. Coughlin**	Director
/s/ H. James Dallas **H. James Dallas**	Director
/s/ Wayne S. DeVeydt **Wayne S. DeVeydt**	Director
/s/ Fred H. Eppinger **Fred H. Eppinger**	Director
/s/ Monte E. Ford **Monte E. Ford**	Director
/s/ Richard A. Gephardt **Richard A. Gephardt**	Director
/s/ Lori J. Robinson **Lori J. Robinson**	Director
/s/ Theodore R. Samuels **Theodore R. Samuels**	Director
/s/ William L. Trubeck **William L. Trubeck**	Director

EXHIBIT 4.1

DESCRIPTION OF CENTENE COMMON STOCK

Authorized Capital Stock of Centene

The Centene amended and restated certificate of incorporation provides that the total number of shares of capital stock which may be issued by Centene is 810,000,000, consisting of 800,000,000 shares of common stock, par value $0.001 per share, and 10,000,000 shares of preferred stock, par value $0.001 per share.

Voting Rights

The holders of Centene common stock are entitled to one vote on each matter submitted for their vote at any meeting of Centene stockholders for each share of Centene common stock held as of the record date for the meeting, including the election of directors. Holders of Centene common stock do not have cumulative voting rights.

Generally, the affirmative vote of the holders of a majority of the total number of votes cast of Centene capital stock represented at a meeting and entitled to vote on a matter is required in order to approve such matter.

Liquidation Rights

In the event that Centene is liquidated, dissolved or wound up, the holders of Centene common stock will be entitled to share ratably in all assets remaining after the payment of liabilities, subject to any rights of holders of Centene preferred stock prior to distribution.

Dividends

Subject to any preference rights of holders of Centene preferred stock, the holders of Centene common stock are entitled to receive dividends and other distributions in cash, stock or property, if any, declared from time to time by the Centene Board out of legally available funds.

Fully Paid and Non-Assessable

All outstanding shares of Centene common stock are fully paid and non-assessable.

No Preemptive Rights or Conversion Rights

The Centene common stock has no preemptive or conversion rights or other subscription rights.

No Redemption Rights or Sinking Fund

No redemption or sinking fund provisions apply to the Centene common stock.

NYSE Listing

Centene common stock is listed on the NYSE under the symbol "CNC."

Transfer Agent and Registrar

The transfer agent and registrar for the Centene common stock is Broadridge Corporate Issuer Solutions, Inc.

Anti-takeover Provisions

Some of the provisions in the Centene amended and restated certificate of incorporation, the Centene amended and restated by-laws and the General Corporation Law of the State of Delaware ("DGCL") could have the following effects, among others:

- delaying, deferring or preventing a change in control of Centene;
- delaying, deferring or preventing the removal of Centene's existing management or directors;
- deterring potential acquirers from making an offer to the Centene stockholders; and
- limiting the Centene stockholders' opportunity to realize premiums over prevailing market prices of Centene common stock in connection with offers by potential acquirers.

The following is a summary of some of the provisions in the Centene amended and restated certificate of incorporation and the Centene amended and restated by-laws that could have the effects described above. Centene believes that the benefits of increased protection of its potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure Centene outweigh the disadvantages of discouraging takeover or acquisition proposals because negotiation of these proposals could result in an improvement of their terms.

Delaware Business Combination Statute

Centene must comply with Section 203 of the DGCL, an anti-takeover law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years following the date the person became an interested stockholder, unless the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner or certain other exceptions are met. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to an interested stockholder. An "interested stockholder" includes a person who, together with affiliates and associates, owns, or did own within three years prior to the determination of interested stockholder status, 15% or more of the corporation's voting stock. The existence of this provision generally will have an anti-takeover effect for transactions not approved in advance by the Centene Board, including discouraging attempts that might result in a premium over the market price for the shares of common stock held by stockholders.

Actions at Meetings of Stockholders; Special Meetings

Centene's amended and restated certificate of incorporation and amended and restated by-laws provide that a special meetings of stockholders may be called at any time by either (i) the Chairman of the Board of Directors, if there be one, (ii) the Chief Executive Officer, (iii) the Board of Directors or (iv) subject to certain terms and conditions, a stockholder, or a group of stockholders, holding at least 10% of the outstanding shares of Centene's common stock. The business transacted at a special meeting shall be limited to the purpose or purposes stated in the notice of the meeting.

Action by Written Consent

Centene's amended and restated certificate of incorporation and amended and restated by-laws require that any action required or permitted to be taken by stockholders at an annual or special meeting may be taken by written consent, but only if such action is taken in accordance with the DGCL and Centene's amended and restated certificate of incorporation and amended and restated by-laws. Any stockholder seeking to have the stockholders take an action by written consent must request that a record date be fixed for such purpose by submitted a written notice signed by stockholders holding at least 10% of the voting power of the shares of capital stock entitled to vote on such action.

Board of Directors

Centene's amended and restated certificate of incorporation and amended and restated by-laws provide that the term of office of all directors serving as of September 27, 2022 will expire at the 2023 annual of meeting of stockholders and each person elected as a director after September 27, 2022, whether to succeed a person whose term of office as a director has expired or to full any vacancy, will be elected for a term expiring at the next annual meeting of stockholders.

Directors, and Not Stockholders, Fix the Size of the Centene Board

Centene's amended and restated certificate of incorporation and amended and restated by-laws provide that the number of directors will be fixed from time to time exclusively pursuant to a resolution adopted by a majority of the Centene Board, but in no event will it consist of less than five nor more than 14 directors.

Board Vacancies to Be Filled by Remaining Directors and Not Stockholders

Under Centene's amended and restated certificate of incorporation and amended and restated by-laws, any vacancy on the Centene Board created by any reason prior to the expiration of the term in which the vacancy occurs will be filled by a majority of the remaining directors, even if less than a quorum. A director elected to fill a vacancy will be elected for the unexpired term of his or her predecessor.

Advance Notice for Stockholder Proposals

Centene's amended and restated by-laws contain provisions requiring that advance notice be delivered to Centene of any business to be brought by a stockholder before an annual meeting and providing for procedures to be followed by Centene stockholders in nominating persons for election to the Centene Board. Ordinarily, the stockholder must give notice not less than 120 days nor more than 150 days prior to the anniversary date of the immediately preceding annual meeting; provided, however, that in the event that the date of the meeting is not within 30 days before or 70 days after such date, notice by the stockholder must be received no earlier than 120 days prior to such meeting and no later than the later of 70 days prior to the meeting or the 10th day following the day on which public disclosure of the date of the annual meeting was first made by Centene. The notice must include a description of the proposal, the reasons for the proposal, and other specified matters. The Centene Board may reject any proposals that have not followed these procedures.

Limitation on Liability of Directors; Indemnification

Centene's amended and restated certificate of incorporation provides that no director shall be personally liable to Centene or any of its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL as the same exists or may hereafter be amended. If the DGCL is amended hereafter to authorize the further elimination or limitation of the liability of directors, then the liability of directors shall be eliminated or limited to the fullest extent authorized by the DGCL, as so amended. Centene's amended and restated certificate of incorporation further provides that any repeal or modification of this limitation of liability by the Centene stockholders shall not adversely affect any right or protection of a director of Centene existing at the time of such repeal or modification with respect to acts or omissions occurring prior to such repeal or modification.

Centene's amended and restated certificate of incorporation requires that Centene indemnify its directors and officers to the fullest extent authorized or permitted by law, as now or hereafter in effect, and that such right to indemnification shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of his or her heirs, executors and personal and legal representatives. Except for proceedings to enforce rights to indemnification, however, Centene shall not be obligated to indemnify in connection with a proceeding (or part thereof) if such director, officer or successor in interest initiated such proceeding (or part thereof) unless such proceeding was authorized or consented to by the Centene Board. The right to indemnification includes the right to be paid the expenses incurred in defending or otherwise participating in any proceeding in advance of its final disposition. Any repeal or modification by the stockholders of indemnification or advancement rights shall not adversely affect any rights to indemnification and to the advancement of expenses of a director or officer of Centene existing at the time of such repeal or modification with respect to any acts or omissions occurring prior to such repeal or modification.

The Centene Board may in its discretion provide rights to indemnification and to the advancement of expenses to employees and agents of Centene similar to those described above.

The inclusion of these provisions in the Centene amended and restated certificate of incorporation and amended and restated by-laws may have the effect of reducing the likelihood of derivative litigation against Centene's directors and may discourage or deter Centene or its stockholders from bringing a lawsuit against Centene's directors for breach of their duty of care, even though such an action, if successful, might otherwise have benefited Centene and its stockholders.

General Provisions Related to Centene Preferred Stock

The following is a description of general terms and provisions of the Centene preferred stock. All of the terms of the Centene preferred stock are, or will be contained in Centene's amended and restated certificate of incorporation, or in one or more certificates of designation relating to each series of the preferred stock.

The Centene Board is authorized, without further stockholder approval but subject to applicable rules of the NYSE and any limitations prescribed by law, to issue up to ten million shares of preferred stock from time to time. The Centene Board has the discretion to provide for the issuance of all or any shares of preferred stock in one or more classes or series, and to fix for each such class or series such voting powers, full or limited, or no voting powers, and such designations, preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the board of directors providing for the issuance of such class or series, including, without limitation, the authority to provide that any such class or series may be:

- subject to redemption at such time or times and at such price or prices;
- entitled to receive dividends (which may be cumulative or non-cumulative) at such rates, on such conditions, and at such times, and payable in preference to, or in such relation to, the dividends payable on any other class or classes or any other series;
- entitled to such rights upon the dissolution of Centene or upon any distribution of Centene's assets; or
- convertible into, or exchangeable for, shares of any other class or classes of stock or of any other series of the same or any other class or classes of stock of Centene at such price or prices or at such rates of exchange and with such adjustments as the board may determine.

The purpose of authorizing the Centene Board to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances. The issuance of preferred stock may provide desirable flexibility in connection with possible acquisitions and other corporate purposes, but could have the effect of making it more difficult for a third party to acquire, or could discourage a third party from acquiring, a majority of Centene's outstanding voting stock.

Certain Effects of Authorized but Unissued Stock

Centene may issue additional shares of common stock or preferred stock without stockholder approval, subject to applicable rules of the NYSE and Delaware law, for a variety of corporate purposes, including future public or private offerings to raise additional capital, corporate acquisitions, and employee benefit plans and equity grants. The existence of unissued and unreserved common and preferred stock may enable Centene to issue shares to persons who are friendly to current management, which could discourage an attempt to obtain control of Centene by means of a proxy contest, tender offer, merger or otherwise. Centene will not solicit approval of its stockholders for issuance of common and preferred stock unless the Centene Board believes that approval is advisable or is required by applicable rules of the NYSE or Delaware law.

Sixth Amendment and Restatement of the Centene Corporation Voluntary Nonqualified Deferred Compensation Plan

ARTICLE I
PURPOSE AND EFFECTIVE DATE

The purpose of the Centene Corporation Voluntary Nonqualified Deferred Compensation Plan ("Plan") is to aid Centene Corporation and its subsidiaries in retaining and attracting executive employees by providing them with tax deferred savings opportunities. The Plan provides a select group of management and highly compensated employees within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974, as amended (ERISA), of Centene Corporation with the opportunity to elect to defer receipt of specified portions of compensation, and to have these deferred amounts treated as if invested in specified hypothetical investment benchmarks. The Plan is intended to conform to the requirements of Code §409A. A Participant's Account that was earned and vested prior to January 1, 2005, plus subsequent earnings thereon, shall not be subject to the terms of this Plan but shall be subject to the terms of the prior plan dated June 1, 2002. The Plan has been amended and restated on five previous occasions. The Sixth Amendment and Restatement of the Plan shall be effective January 1, 2023.

ARTICLE II
DEFINITIONS

For the purposes of this Plan, the following words and phrases shall have the meanings indicated, unless the context clearly indicates otherwise:

Section 2.01

Administrative Committee. "Administrative Committee" or "Committee" means the Company’s Head of Human Resources officer or other individuals to whom the Compensation Committee has delegated the authority to take action under the Plan.

Section 2.02

Base Salary. "Base Salary" means the base rate of cash compensation paid by the Company to or for the benefit of a Participant for services rendered or labor performed while a Participant is employed by the Company, including base pay a Participant could have received in cash in lieu of (A) deferrals pursuant to Section 4.02 and (B) contributions made on their behalf to any qualified plan maintained by the Company or to any cafeteria plan under Code Section 125 maintained by the Company.

Section 2.03

Base Salary Deferral. "Base Salary Deferral" means the amount of a Participant's Base Salary which the Participant elects to have withheld on a pre-tax basis from their Base Salary and credited to their Deferral Account pursuant to Section 4.02.

Section 2.04

Beneficiary. "Beneficiary" means the person, persons or entity designated by the Participant to receive any benefits payable under the Plan pursuant to Article VIII.

Section 2.05

Board. "Board" means the Board of Directors of Centene Corporation.

Section 2.06

Annual Bonus Compensation. "Annual Bonus Compensation" or "Bonus Compensation" means the bonus plan that is eligible for payment once per year, based on funding approval by the Board, and is determined by established metrics.

Section 2.07

Cash Long-Term Incentive Plan Deferral. "Cash Long-Term Incentive Plan Deferral" means the amount of a Participant's Cash Long-Term Incentive Plan compensation (Cash LTIP) which the Participant elects to have withheld on a pre-tax basis from their Cash LTIP Compensation and credited to their account pursuant to Section 4.02.

Section 2.08

Change of Control. For purposes of this Plan, a "Change in Control" shall be deemed to have occurred if any of the events set forth in any one of the following clauses shall occur: (A) any Person (as defined in section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and as such term is modified in sections 13(d) and 14(d) of the Exchange Act), excluding a group of persons including Executive, is or becomes the "beneficial owner" (as defined in Rule 13(d)(3) under the Exchange Act), directly or indirectly, of securities of the Company representing forty percent (40%) or more of the combined voting power of the Company's then outstanding securities; (B) individuals who, as of the date of this Agreement, constitute the Board of Directors (the "Incumbent Board"), cease for any reason to constitute a majority thereof (provided, however, that an individual becoming a Director subsequent to the date of this Agreement whose election, or nomination for election by the Company's stockholders, was approved by at least a majority of the directors then comprising the Incumbent Board shall be included within the definition of Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual election contest (or such terms used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board); or (C) the stockholders of the Company consummate a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least fifty percent (50%) of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation. In order to qualify as Change in Control, the event or events must also qualify as a change in ownership or effective control of the Company or in the ownership of a substantial portion of the assets of the Company within the meaning of Code Section 409A.

Section 2.09

Code. "Code" shall mean the Internal Revenue Code of 1986, as amended. References to any provision of the Code or regulation (including a proposed regulation) thereunder shall include any successor provisions or regulations.

Section 2.10

Company. "Company" means Centene Corporation, its successors, any subsidiary or affiliated organizations authorized by the Board or the Compensation Committee to participate in the Plan and any organization into which or with which Centene Corporation may merge or consolidate or to which all or substantially all of its assets may be transferred.

Section 2.11

Compensation Committee. "Compensation Committee" means the Compensation Committee of the Board of Directors.

Section 2.12

Deferral Account. "Deferral Account" means the account maintained by the Administrative Committee for each Participant pursuant to Article VI.

Section 2.13

Deferral Period. "Deferral Period" means the period after which payment of the Deferred Amount is to be made or begin to be made.

Section 2.14

Deferred Amount. "Deferred Amount" means the amount of Eligible Compensation for the Plan Year or performance period to which the Participation Agreement relates that is to be deferred under the Plan.

Section 2.15

Designee. "Designee" shall mean the Company's senior Human Resources officer or other individuals to whom the Committee has delegated the authority to take action under the Plan. Wherever Committee is referenced in the Plan, it shall be deemed to also refer to Designee.

Section 2.16

Disability. "Disability" means eligibility for long term disability benefits under the terms of the Company's Long-Term Disability Plan.

Section 2.17

Eligible Compensation. "Eligible Compensation" means any Base Salary, Annual Bonus Compensation, Incentive Compensation, and/or Cash Long-Term Incentive Plan compensation otherwise payable with respect to a Plan Year.

Section 2.18

ERISA. "ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

Section 2.19

Form of Payment. "Form of Payment" means payment in one lump sum or in substantially equal annual installments of two (2) to fifteen (15) years. If the Form of Payment is substantially equal annual installments, each installment shall constitute a separate payment for purposes of Code Section 409A.

Section 2.20

Hardship Withdrawal. "Hardship Withdrawal" means the early payment of all or part of the balance in a Deferral Account(s) in the event of an Unforeseeable Emergency, as defined in Code section 409A(a)(2)(B)(ii), pursuant to Section 7.08.

Section 2.21

Hypothetical Investment Benchmark. "Hypothetical Investment Benchmark" shall mean the phantom investment benchmarks which are used to measure the return credited to a Participant's Deferral Account.

Section 2.22

Incentive Compensation. "Incentive Compensation" means the amount awarded to a Participant for a Plan Year under any incentive plan maintained by the Company, such as commission or other sales based compensation plans, as approved in the sole discretion of the Committee.

Section 2.23

Specified Employee. "Specified Employee" means a "specified employee" within the meaning of Code Section 409A(2)(8).

Section 2.24

Matching Contribution. "Matching Contribution" means the amount of any matching contribution that the Company will make to the Plan.

Section 2.25

Participant. "Participant" means any individual who is eligible or makes an election to participate in this Plan and who elects to participate by submitting a Participation Agreement as provided in Article IV.

Section 2.26

Participation Agreement. "Participation Agreement" means an agreement submitted by a Participant in accordance with Article IV.

Section 2.27

Plan Year. "Plan Year" means a twelve-month period beginning January 1 and ending the following December 31.

Section 2.28

Qualified Retirement. For participants hired on or after January 1, 2019, "Qualified Retirement" means retirement of a Participant from the Company after attaining age 55 with at least ten (10) years of service. For Participants hired prior to January 1, 2019, "Qualified Retirement" is defined as 65 or age 55 with at least five (5) years of service. Years of service will be calculated in accordance with the method adopted by the Company.

Section 2.29

Qualified Retiree. "Qualified Retiree" means a Participant who has experienced a Qualified Retirement.

Section 2.30

Separation from Service. "Separation from Service" means a reduction in a Participant's services (regardless whether performed as an employee or independent contractor) to a rate that is reasonably anticipated to be a permanent reduction in services to 20 percent or less of the average rate of services performed prior to such reduction. If a Participant ceases or reduces services under a bona fide leave of absence, a Separation from Service occurs after the close of the six (6)-month anniversary of such leave, provided however that the Separation from Service shall be delayed to the extent that the Participant has a statutory or contractual right to reemployment. Determination of whether a Separation from Service occurs shall be made in a manner that is consistent with the principles in Reg. 1.409A-1(h).

Section 2.31

Unforeseeable Emergency. "Unforeseeable Emergency" means severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or a dependent of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

Section 2.32

Valuation Date. "Valuation Date" means the last day of the calendar month during which a Participant's last deferral occurs or such other date as the Committee in its sole discretion may determine.

Section 2.33

Signing Bonus. "Signing Bonus" means the bonus offered to selected Participants in connection with an acquisition of another entity by the Company. The decision whether a Signing Bonus shall be eligible for deferral pursuant to the terms of this Plan shall be made in the sole discretion of the Committee prior to the Signing Bonus being presented in an offer letter or employment agreement with the Participant.

ARTICLE Ill

ADMINISTRATION Section 3.01

Section 3.01

Administrative Committee Duties.

The Committee shall be responsible for the administration of this Plan and shall have all powers necessary to administer this Plan, including discretionary authority to determine eligibility for benefits and to decide claims under the terms of this Plan, except to the extent that any such powers are vested in any other person administering this Plan by the Committee. The Committee may from time to time establish rules for the administration of this Plan, and it shall have the exclusive right to interpret this Plan and to decide any matters arising in connection with the administration and operation of this Plan. All rules, interpretations and decisions of the Committee shall be conclusive and binding on the Company, Participants and Beneficiaries.

The Committee may delegate responsibility for performing certain administrative functions under this Plan to certain employees of the Company or outside third parties. The Committee shall be responsible for determining issues related to eligibility, Hypothetical Investment Benchmarks, distribution of Deferred Amounts, determination of account balances, crediting of hypothetical earnings and debiting of hypothetical losses and of distributions, inservice withdrawals, deferral elections and any other duties concerning the day-to-day operation of this Plan. The Committee may designate one of its members as a Chairperson and may retain and supervise outside providers, third party administrators, record keepers and professionals (including in-house professionals) to perform any or all of the duties delegated to it hereunder.

Neither the Committee nor a member of the Board shall be liable for any act or action hereunder, whether of omission or commission, by any other member or employee or by any agent to whom duties in connection with the administration of this Plan have been delegated or for anything done or omitted to be done in connection with this Plan. The Committee shall keep records of all of their respective proceedings and the Committee shall keep records of all payments made to Participants or Beneficiaries and payments made for expenses or otherwise.

The Company shall, to the fullest extent permitted by law, indemnify each Director, officer or employee of the Company (including the heirs, executors, administrators and other personal representatives of such person), each member of the Committee against expenses (including attorneys' fees), judgments, fines, amounts paid in settlement, actually and reasonably incurred by such person in connection with any threatened, pending or actual suit, action or proceeding (whether civil, criminal, administrative or investigative in nature or otherwise) in which such person may be involved by reason of the fact that he or she is or was serving this Plan in any capacity at the request of the Company or the Committee.

Any expense incurred by the Company or the Committee relative to the administration of this Plan shall be paid by the Company and/or may be deducted from the Deferral Accounts of the Participants as determined by the Committee.

Section 3.02

Claim Procedure. If a Participant or Beneficiary makes a written request alleging a right to receive payments under this Plan or alleging a right to receive an adjustment in benefits being paid under this Plan, such actions shall be treated as a claim for benefits. All claims for benefits under this Plan shall be sent to the Committee. If the Committee determines that any individual who has claimed a right to receive benefits, or different benefits, under this Plan is not entitled to receive all or any part of the benefits claimed, the Committee shall inform the claimant in writing of such determination and the reasons therefore in terms calculated to be understood by the claimant. The notice shall be sent within 90 days of the claim unless the Committee determines that additional time, not exceeding 90 days, is needed and so notifies the Participant. The notice shall make specific reference to the pertinent Plan provisions on which the denial is based, and shall describe any additional material or information that is necessary. Such notice shall, in addition, inform the claimant of the procedure that the claimant should follow to take advantage of the review procedures set forth below in the event the claimant desires to contest the denial of the claim. The claimant may within 90 days thereafter submit in writing to the Committee a notice that the claimant contests the denial of their claim and desires a further review by the Committee. The Committee shall within 60 days thereafter review the claim and authorize the claimant to review pertinent documents and submit issues and comments relating to the claim to the Committee. The Committee will render a final decision on behalf of the Company with specific reasons therefor in writing and will transmit it to the claimant within 60 days of the written request for review, unless the Chairperson of the Committee determines that additional time, not exceeding 60 days, is needed, and so notifies the Participant. If the Committee fails to respond to a claim submitted in accordance with the foregoing within 60 days or any such extended period, the Company shall be deemed to have denied the claim.

ARTICLE IV PARTICIPATION

Section 4.01

Participation. Participation in the Plan shall be limited to executives who (i) meet such eligibility criteria as the Committee shall establish from time to time, and (ii) elect to participate in this Plan by submitting a Participation Agreement via the third party administrator’s website during the defined Open Enrollment period. A Participation Agreement must be submitted prior to the December 31st immediately preceding the Plan Year for which it is effective. The Committee shall have the discretion to establish special deadlines regarding the submission of Participation Agreements for Participants if it determines that such deadlines conform to the requirements of Code Section 409A.

Section 4.02

Contents of Participation Agreement. Subject to Article VII, each Participation Agreement shall set forth: (i) the amount of Eligible Compensation for the Plan Year or performance period to which the Participation Agreement relates that is to be deferred under the Plan (the "Deferred Amount"), expressed as a percentage of the Base Salary, Annual Bonus or Cash LTIP. for such Plan Year or performance period; provided, that the minimum Deferred Amount for any Plan Year or performance period shall not be less than one percent (1%) and the maximum Deferred Amount shall not exceed eighty percent (80%); (ii) the period after which payment of the Deferred Amount is to be made or begin to be made (the "Deferral Period"), which shall be the earlier of (A) a number of full years, not less than three, and (B) the period ending upon the Qualified Retirement or prior termination of employment of the Participant, and (iii) the form in which payments are to be made, which may be a lump sum or in substantially equal annual installments of two (2) to fifteen (15) years.

Section 4.03

Modification or Revocation of Election by Participant. A Participant may not change the amount of their Base Salary Deferrals during a Plan Year. However, a Participant may discontinue a Base Salary Deferral election at any time by submitting, on such forms and subject to such limitations and restrictions as the Committee may prescribe in its discretion, a revised Participation Agreement with the third party administrator. If approved by the Committee, revocation shall take effect as of the first payroll period next following its submission. If a Participant discontinues a Base Salary Deferral election during a Plan Year, they will not be permitted to elect new Deferrals of eligible compensation again until the first day of the Plan Year which immediately follows twelve (12) months from the date of discontinuance.

In addition, the Deferral Period may be extended if an amended Participation Agreement is submitted to the Committee at least one full calendar year before the Deferral Period (as in effect before such amendment) ends. As described in Section 7.11, an extension on a Deferral Period must result in a delay of payment for a minimum of five (5) years from the initial deferral period and otherwise satisfy the requirements of Code Section 409A.

4.04 Deferral of Signing Bonuses

Notwithstanding any provision to the contrary, the deferral of a Signing Bonus offered to selected Participants in connection with an acquisition shall be governed exclusively by this Section 4.04. The decision whether to offer the deferral opportunity with respect to all or any portion of a Signing Bonus shall be made in the sole discretion of the Committee. In the event the Committee decides to offer such deferral option to a Participant, the election to defer shall be included in the offer letter or employment agreement presented to such Participant. In the event a deferral option is offered with respect to a Signing Bonus, any such deferrals shall not be eligible for Matching Contributions described in Section 7.02.

ARTICLE V
DEFERRED COMPENSATION

Section 5.01

Elective Deferred Compensation. The Deferred Amount of a Participant with respect to each Plan Year of participation in the Plan shall be credited by the Committee, or designee, to the Participant's Deferral Account as and when such Deferred Amount would otherwise have been paid to the Participant. To the extent that the Company is required to withhold any taxes or other amounts from the Deferred Amount pursuant to any state, Federal or local law, such amounts shall be taken out of other compensation eligible to be paid to the Participant that is not deferred under this Plan. However, if the Participant elects to defer a large percentage of Eligible Compensation and the election does not allow enough remaining compensation for required withholdings or deductions, the withholdings and deductions will be subtracted from the eligible compensation first, followed by deferral of the remaining eligible compensation.

Section 5.02

Vesting of Deferral Account. Except as provided in Section 7.03, a Participant shall be 100% vested in their Deferral Account at all times.

ARTICLE VI
MAINTENANCE AND INVESTMENT OF ACCOUNTS Section 6.01

Section 6.01

Maintenance of Accounts. Separate Deferral Accounts shall be maintained for each Participant. More than one Deferral Account may be maintained for a Participant as necessary to reflect (a) various Hypothetical Investment Benchmarks and/or (b) separate Participation Agreements specifying different Deferral Periods and/or forms of payment. A Participant's Deferral Account(s) shall be utilized solely as a device for the measurement and determination of the amounts to be paid to the Participant pursuant to this Plan, and shall not constitute or be treated as a trust fund of any kind. The Committee, or Designee, shall determine the balance of each Deferral Account, as of each Valuation Date, by adjusting the balance of such Deferral Account as of the immediately preceding Valuation Date to reflect changes in the value of the deemed investments thereof, credits and debits pursuant to Section 5.01 and Section 6.02 and distributions pursuant to Article VII that conform to Code Section 409A with respect to such Deferral Account since the preceding Valuation Date.

Section 6.02

Hypothetical Investment Benchmarks. Each Participant shall be entitled to direct the manner in which their Deferral Accounts will be deemed to be invested, selecting among the Hypothetical Investment Benchmarks specified in Appendix A hereto, as amended by the Centene Corporation Voluntary Nonqualified Deferred Compensation Plan Committee from time to time, and in accordance with such rules, regulations and procedures as the Centene Corporation Voluntary Nonqualified Deferred Compensation Plan Committee may establish from time to time. Notwithstanding anything to the contrary herein, earnings and losses based on a Participant's investment elections shall begin to accrue as of the date such Participant's Deferral Amounts are credited to their Deferral Accounts.

Section 6.03

Statement of Accounts. Participants will have the ability to access account information via a web site provided by the designated third party administrator. Participants may also receive an account statement upon a written request to the Committee.

ARTICLE VII BENEFITS

Section 7.01

Time and Form of Payment. At the end of the Deferral Period for each Deferral Account, the Company shall pay to the Participant the balance of such Deferral Account at the time or times elected by the Participant in the applicable Participation Agreement; provided that if the Participant has elected to receive payments from a Deferral Account in a lump sum, the Company shall pay the balance in such Deferral Account (determined as of the most recent Valuation Date preceding the end of the Deferral Period) in a lump sum in cash as soon as practicable after the end of the Deferral Period. If the Participant has elected to receive payments from a Deferral Account in installments, the Company shall make annual cash only payments from such Deferral Account, each of which shall consist of an amount equal to (i) the balance of such Deferral Account as of the most recent Valuation Date preceding the payment date times (ii) a fraction, the numerator of which is one and the denominator of which is the number of remaining installments (including the installment being paid). The first such installment shall be paid as soon as practicable after the end of the Deferral Period and each subsequent installment shall be paid on or about the anniversary of such first payment. Each such installment shall be deemed to be made on a pro rata basis from each of the different deemed investments of the Deferral Account (if there is more than one such deemed investment).

Section 7.02

Matching Contribution. Each Participant who elects to make deferrals of Eligible Compensation to the Plan will be eligible to receive a Matching Contribution equal to fifty percent (50%) of the first six percent (6%) of the Participant's Eligible Compensation being deferred to the Plan for such Plan Year (excluding deferrals to the Plan from the Participant’s Cash Long-Term Incentive Plan and stock based compensation), reduced by any matching contributions made by the Company to the Centene Management Corporation Retirement Plan (401k Plan) for such Plan Year. When due, Matching Contributions shall be credited to a Participant’s account in conjunction with the Company’s regular payroll schedule.

Section 7.03

Matching Contribution Vesting. Participants will vest in Matching Contributions as set forth under the Participant's 401(k) plan. The vesting schedule is:

Less than 1 year	0%
1 year	10%
2 years	30%
3 years	60%
4 years	80%
5 years	100%

Section 7.04

Separation from Service and Qualified Retirement. Subject to Section 7.01 and Section 7.07 hereof, if a Participant has elected to have the balance of his or her Deferral Account distributed upon Qualified Retirement or other Separation from Service, the account balance of the Participant (determined as of the Valuation Date immediately following the Participant's last deferral after such Qualified Retirement or other Separation from Service) shall be distributed as soon as practicable following the Qualified Retirement or other Separation from Service in installments or a lump sum in accordance with the Plan and as elected in the applicable Participation Agreement.

For these purposes, a Participant who elects to have his or her Deferral Account distributed upon Qualified Retirement may choose between a lump sum or annual installments which do not exceed fifteen (15) years. Participants who terminate employment and who experience a Separation from Service but do not satisfy the Qualified Retirement definition shall choose between a lump sum or annual installments not to exceed five (5) years.

Deferral elections applicable to future Annual Bonus and/or Cash LTIP payments will be honored for Participants who had a Qualified Retirement or a Separation from Service. In addition, a Participant who experiences a Qualified Retirement or Separation from Service will be allowed to defer Annual Bonus and/or Cash LTIP payments that are paid after such Qualified Retirement or Separation from Service. However, if a Participant who experiences a Qualified Retirement or Separation from Service has received a full distribution and has a zero-account balance at the time of the Annual Bonus or Cash LTIP payment, no deferral will be taken from such Annual Bonus or Cash LTIP payment.

Section 7.05

In-Service Distributions. Subject to Section 7.01 and Section 7.07 hereof, if a Participant has elected to defer Eligible Compensation under the Plan for a stated number of years, the account balance of the Participant (determined as of the most recent Valuation Date immediately following such Deferral Period) shall be distributed in installments or a lump sum in accordance with the Plan and as elected in the Participation Agreement.

Section 7.06

Death or Disability. Notwithstanding the provisions of Section 7.04 and Section 7.05 hereof and any Participation Agreement, if a Participant dies or experiences a Disability prior to Qualified Retirement and prior to receiving full payment of his or her Deferral Account(s), the Company shall pay the remaining balance (determined as of the Valuation Date immediately following such event) to the Participant or the Participant's Beneficiary or Beneficiaries (as the case may be) in a lump sum in cash only (notwithstanding Section 7.01 hereof) as soon as practicable following the occurrence of such event. Subject to Section 6.02 hereof, the amount distributable under the preceding sentence of this Section 7.06 shall be based on the Participant's investment selections. If a Participant who terminates employment due to death or disability, makes a Base Salary or Incentive Deferral from the final paycheck, and the final paycheck is paid after the Valuation Date, any distributions will be valued on the Valuation Date immediately following the final Base Salary or Incentive Deferral.

Section 7.07

Delay for Specified Employees. Notwithstanding this Article VII, if a Deferral Period ceases upon Separation from Service (other than for death or Disability), payments to a Participant who is a Specified Employee shall not be made until the close of the six (6) month anniversary of such Separation from Service. If during such six (6) month delay a Participant dies, payments shall be made pursuant to Section 7.06.

Section 7.08

Hardship Withdrawals. Notwithstanding the provisions of Section 7.01 and any Participation Agreement, a Participant shall be entitled to early payment of all or part of the balance in their Deferral Account(s) in the event of an Unforeseeable Emergency, in accordance with this Section 7.08. A distribution pursuant to this Section 7.08 may only be made to the extent reasonably needed to satisfy the Unforeseeable Emergency need, and may not be made if such need is or may be relieved (i) through reimbursement or compensation by insurance or otherwise, (ii) by liquidation of the Participant's assets to the extent such liquidation would not itself cause severe financial hardship, or (iii) by cessation of participation in the Plan. An application for an early payment under this Section 7.08 shall be made to the Committee in such form and in accordance with such procedures as the Committee shall determine from time to time. The determination of whether and in what amount and form a distribution will be permitted pursuant to this Section 7.08 shall be made solely by the Committee.

Section 7.09

Change of Control Election. In the event of a Separation from Service as a result of a Change of Control, the participant's account balance will be paid out as specified in their Change in Control election. This is a separate election from the Form of Payment election and this election applies to all Plan Years. The Participant can elect to have the same distribution schedule as previously elected, a lump sum payment or installments over two (2) to fifteen (15) years. The first such installment shall be paid as soon as practicable after the Change in Control and each subsequent installment shall be paid on or about the anniversary of such first payment. If there is no Change in Control election at the time a Change in Control occurs, the Participant’s previous elections will be the default and will be followed. The Participant can change their Change in Control election by making a written request to the Committee. The Committee will inform the claimant in writing of the determination of the request within 90 days of the receipt of the request.

Section 7.10

Withholding of Taxes. Notwithstanding any other provision of this Plan, the Company shall withhold from payments made hereunder any amounts required to be so withheld by any applicable law or regulation.

Section 7.11

Changes in Payment Elections. A Participant may modify the time or the form of payment elections made on his or her Participation Agreement under the following circumstances: (i) any such election to modify may not take effect until at least twelve (12) months following the date of such election; (ii) if the election relates to a payment based on a Separation from Service, which includes a Qualified Retirement, or on a Change of Control or if the payment is at a specified time or pursuant to a fixed schedule, the election must result in payment being made not earlier than five (5) years following the date upon which the payment would otherwise would have been made; and (iii) if the election is related to payment at a specified time or pursuant to a fixed schedule, the Participant must make the election not less than twelve (12) months prior to the date the payment is scheduled to be made.

ARTICLE VIII
BENEFICIARY DESIGNATION

Section 8.01

Beneficiary Designation. Each Participant shall have the right, at any time, to designate any person, persons or entity as their Beneficiary or Beneficiaries. A Beneficiary designation shall be made, and may be amended, by the Participant by accessing the web site of the third party administrator and making such changes.

Section 8.02

No Beneficiary Designation. If a Participant fails to designate a Beneficiary as provided above, or if all designated Beneficiaries predecease the Participant, then the Participant's Beneficiary shall be deemed to be the Participant's estate.

ARTICLE IX
AMENDMENT AND TERMINATION OF PLAN

Section 9.01

Amendment. The Board or the Committee may at any time amend this Plan in whole or in part, provided, however, that no amendment shall be effective to decrease the balance in any Deferral Account as accrued at the time of such amendment, nor shall any amendment otherwise have a retroactive effect. Interpretation of the Plan by the Board or the Committee shall be made in a manner that is consistent with the intent that the Plan conform to the requirements of Code Section 409A.

Section 9.02

Company's Right to Terminate. The Board or the Committee may at any time terminate the Plan with respect to future Participation Agreements. The Board or the Committee may also terminate the Plan in its entirety at any time for any reason, including without limitation if, in its judgment, the continuance of the Plan, the tax, accounting, or other effects thereof, or potential payments thereunder would not be in the best interests of the Company, and upon any such termination, the Company shall immediately pay to each Participant in a lump sum the accrued balance in their Deferral Account (determined as of the most recent Valuation Date preceding the termination date). Such termination, however, shall be made in a manner that conforms to the requirements of Code Section 409A.

ARTICLE X MISCELLANEOUS

Section 10.01

Unfunded Plan. This Plan is intended to be an unfunded plan maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees, within the meaning of Sections 201, 301 and 401 of ERISA. All payments pursuant to the Plan shall be made from the general funds of the Company and no special or separate fund shall be established or other segregation of assets made to assure payment. No Participant or other person shall have under any circumstances any interest in any particular property or assets of the Company as a result of participating in the Plan. Notwithstanding the foregoing, the Company may (but shall not be obligated to) create one or more grantor trusts, the assets of which are subject to the claims of the Company's creditors, to assist it in accumulating funds to pay its obligations under the Plan.

Section 10.02

No Assignability. Except as specifically set forth in the Plan with respect to the designation of Beneficiaries, neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and non-transferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

Section 10.03

Hypothetical Investment Benchmarks. (a) Each Participant shall be entitled to direct the manner in which their Deferral Accounts will be deemed to be invested, selecting among the Hypothetical Investment Benchmarks specified in Appendix A hereto, as amended by the Committee from time to time, and in accordance with such rules, regulations and procedures as the Committee may establish from time to time. Notwithstanding anything to the contrary herein, earnings and losses based on a Participant's investment elections shall begin to accrue as of the date such Participant's Deferral Amounts are credited to their Deferral Accounts.

Section 10.04

Validity and Severability. The invalidity or unenforceability of any provision of this Plan shall not affect the validity or enforceability of any other provision of this Plan, which shall remain in full force and effect, and any prohibition or unenforceability in any jurisdiction, shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 10.05

Governing Law. The validity, interpretation, construction and performance of this Plan shall in all respects be governed by the laws of the State of Missouri, without reference to principles of conflict of law, except to the extent preempted by federal law.

Section 10.06

Employment Status. This Plan does not constitute a contract of employment or impose on the Participant or the Company any obligation for the Participant to remain an employee of the Company or change the status of the Participant's employment or the policies of the Company and its affiliates regarding termination of employment.

Section 10.07

Underlying Incentive Plans and Programs. Nothing in this Plan shall prevent the Company from modifying, amending or terminating any Eligible Compensation arrangement or the incentive plans and programs pursuant to which cash awards are earned and which are deferred under this Plan.

Section 10.08

Section 409A. Notwithstanding any other provisions of the Plan or any Participation Agreement to the contrary, no payment shall be granted, deferred, accelerated, extended, made or modified under this Plan in a manner that would result in the imposition of an additional tax under Code Section 409A upon a Participant. In the event that it is reasonably determined by the Committee that, as a result of Code Section 409A, payments under the Plan may not be made at the time contemplated by the terms of the Plan or the relevant Participation Agreement, as the case may be, without causing the Participant receiving such payment to be subject to taxation under Code Section 409A, the Company will make such payment on the first day that would not result in the Participant incurring any tax liability under Code Section 409A; which, if the Participant is a Specified Employee within the meaning of the Code Section 409A, shall be the first day following the six-month period beginning on the date of Participant’s termination of employment. The Company shall use commercially reasonable efforts to implement the provisions of this Section 10.09 in good faith; provided that neither the Company, the Committee nor any of the Company’s employees, directors or representatives shall have any liability to a Participant with respect to this Section 10.09.

IN WITNESS WHEREOF, the Company has caused this Amendment and Restatement of the Plan to be executed by its duly authorized officer or representative.

CENTENE CORPORATION

By: /s/ Christopher A. Koster
Name: Christopher A. Koster
Title: Executive Vice President, Secretary and General Counsel

APPENDIX A

Centene Corporation Common Stock (CNC)

MainStay VP U.S. Government Money Market - Initial Class

MFS® Value Series - Initial Class

Fidelity® VIP Index 500 Portfolio - Initial Class

Fidelity® VIP Growth Portfolio - Initial Class

Fidelity® VIP Contrafund® Portfolio - Initial Class

Janus Henderson VIT Enterprise Portfolio - Institutional Class

T. Rowe Price New America Growth Portfolio

T. Rowe Price International Stock Portfolio

PIMCO VIT Total Return Portfolio-Administrative Class Shares

Janus Henderson VIT Enterprise Portfolio - Institutional Class

T. Rowe Price Blue Chip Growth Portfolio

Lord Abbett Series - Mid-Cap Stock Portfolio - Class VC

VOYA Russell Mid Cap Index Portfolio - Initial Class

Delaware VIP® Small Cap Value Series-Standard Class

MainStay VP Eagle Small Cap Growth Portfolio - Initial Class

MainStay VP Small Cap Core - Initial Class

LVIP Baron Growth Opportunities Fund - Service Class

MainStay VP Emerging Markets Equity - Initial Class

Moody's Corporate Bond Average

Fidelity VIP Freedom 2010 Portfolio - Initial Class

Fidelity VIP Freedom 2020 Portfolio - Initial Class

Fidelity® VIP Freedom 2030 Portfolio - Initial Class

Fidelity® VIP Freedom 2040 Portfolio - Initial Class

Fidelity® VIP Freedom 2050 Portfolio - Initial Class

CENTENE CORPORATION

Nonstatutory Stock Option Agreement Granted Under
2012 Stock Incentive Plan

1. Grant of Option

This agreement evidences the grant by Centene Corporation, a Delaware corporation (the "Company"), on _____ (the "Grant Date") to **_____,** a **Director** of the Company (the "Participant"), of an option to purchase, in whole or in part, on the terms provided herein and in the Company's 2012 Stock Incentive Plan (the "Plan"), a total of _____ shares (the "Shares") of common stock, $0.001 par value per share, of the Company ("Common Stock") at _____ per Share. Unless earlier terminated, this option shall expire at 3:00 p.m., Central time, on _____ (the "Final Exercise Date").

It is intended that the option evidenced by this agreement shall not be an incentive stock option as defined in Section 422 of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder (the "Code"). Except as otherwise indicated by the context, the term "Participant," as used in this option, shall be deemed to include any person who acquires the right to exercise this option validly under its terms.

2. Vesting Schedule

This option will become exercisable ("vest") as to ___% of the original number of Shares on the _____ anniversary of the Grant Date and as to an additional ___% of the original number of Shares at the end of each successive _____ period following the first anniversary of the Grant Date until the _____ anniversary of the Grant Date.

The right of exercise shall be cumulative so that to the extent the option is not exercised in any period to the maximum extent permissible it shall continue to be exercisable, in whole or in part, with respect to all Shares for which it is vested until the earlier of the Final Exercise Date or the termination of this option under Section 3 hereof or the Plan.

In the event of a "Change in Control" of the Company, all of the Shares that (but for the application of this clause) are not vested at the time of the occurrence of such Change in Control event shall vest. A "Change in Control" shall be deemed to have occurred if any of the events set forth in any one of the following clauses shall occur: (i) any Person (as defined in section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and as such term is modified in sections 13(d) and 14(d) of the Exchange Act), excluding a group of persons including the Participant, is or becomes the "beneficial owner" (as defined in Rule 13(d)(3) under the Exchange Act), directly or indirectly, of securities representing forty percent or more of the combined voting power of the Company's then outstanding securities; (ii) individuals who, as of the Grant Date, constitute the Board of Directors of the Company (the "Incumbent Board"), cease for any reason to constitute a majority thereof (*provided*, *however,* that an individual becoming a director subsequent to the Grant Date whose election, or nomination for election by the Company's stockholders, was approved by at least a majority of the directors then comprising the Incumbent Board shall be included within the definition of Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual election contest (or such terms used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board of Directors of the Company); or (iii) the stockholders of the Company consummate a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least fifty percent of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation.

3. Exercise of Option

(a) Form of Exercise. Each election to exercise this option shall be in writing, signed by the Participant, and received by the Company at its principal office, accompanied by this agreement, and payment in full in the manner provided in the Plan. Common Stock purchased upon the exercise of this option shall be paid for as follows:

(i) in cash or by check, payable to the order of the Company;

(ii) by (i) delivery of an irrevocable and unconditional undertaking by a creditworthy broker to deliver promptly to the Company sufficient funds to pay the exercise price and any required tax withholding or (ii) delivery by the Participant to the Company of a copy of irrevocable and unconditional instructions to a creditworthy broker to deliver promptly to the Company cash or a check sufficient to pay the exercise price and any required tax withholding;

(iii) when the Common Stock is registered under the Securities and Exchange Act of 1934, as amended, by delivery of shares of Common Stock owned by the Participant valued at their fair market value as determined by (or in a manner approved by) the board of directors of the Company (the "Board") in good faith ("Fair Market Value"), *provided* (i) such method of payment is then permitted under applicable law and (ii) such Common Stock, if acquired directly from the Company was owned by the Participant at least six months prior to such delivery;

(iv) to the extent permitted under applicable law and permitted by the Board, in its sole discretion, *provided* that at least an amount equal to the par value of the Common Stock being purchased shall be paid in cash; or

(v) by any combination of the above permitted forms of payment.

The Participant may purchase less than the number of shares covered hereby, provided that no partial exercise of this option may be for any fractional share or for fewer than ten whole shares.

(b) Continuous Relationship with the Company Required. Except as otherwise provided in this Section 3, this option may not be exercised unless the Participant, at the time he or she exercises this option, is, and has been at all times since the Grant Date, a director of, or consultant or advisor to, the Company or any other entity the directors, consultants or advisors of which are eligible to receive option grants under the Plan (an "Eligible Participant").

(c) Termination of Relationship with the Company. If the Participant ceases to be an Eligible Participant for any reason, then, except as provided in paragraphs (d) and (e) below, the right to exercise this option shall terminate 30 days after such cessation (but in no event after the Final Exercise Date), *provided* that this option shall be exercisable only to the extent that the Participant was entitled to exercise this option on the date of such cessation. Notwithstanding the foregoing, if the Participant, prior to the Final Exercise Date, violates the non-competition or confidentiality provisions of any consulting, advisory, nondisclosure, non-competition or other agreement between the Participant and the Company, the right to exercise this option shall terminate immediately upon such violation.

(d) Exercise Period Upon Death or Disability. If the Participant dies or becomes disabled (within the meaning of Section 22(e)(3) of the Code) prior to the Final Exercise Date while he or she is an Eligible Participant and the Company has not terminated such relationship for "cause" as specified in paragraph (e) below, this option shall be exercisable, within the period of 90 days following the date of death or disability of the Participant, by the Participant (or in the case of death by an authorized transferee), *provided* that this option shall be exercisable only to the extent that this option was exercisable by the Participant on the date of his or her death or disability, and *further provided* that this option shall not be exercisable after the Final Exercise Date.

(e) Discharge for Cause. If the Participant, prior to the Final Exercise Date, is discharged by the Company for "cause" (as defined below), the right to exercise this option shall terminate immediately upon the effective date of such discharge. "Cause" shall include acts or omissions that the Company determines in writing, after affording the Participant an opportunity to be heard, are (i) criminal, dishonest or fraudulent or constitute misconduct that reflect negatively on the reputation of the Company (including any parent, subsidiary, affiliate or division of the Company); (ii) acts or omissions that could expose the Company or any parent, subsidiary, affiliate or division of the Company to claims of illegal harassment or discrimination in employment;(iii) material breaches of this Agreement; or (iv) continued and repeated failure to perform substantially the duties of his/her employment. The Participant shall be considered to have been discharged for "cause" if the Company determines, within 30 days after the Participant's resignation, that discharge for cause was warranted.

4. Withholding

No Shares will be issued pursuant to the exercise of this option unless and until the Participant pays to the Company, or makes provision satisfactory to the Company for payment of, any federal, state or local withholding taxes required by law to be withheld in respect of this option.

5. Non-transferability of Option

This option may not be sold, assigned, transferred, pledged or otherwise encumbered by the Participant, either voluntarily or by operation of law, except by will or the laws of descent and distribution, and, during the lifetime of the Participant, this option shall be exercisable only by the Participant.

6. Provisions of the Plan

This option is subject to the provisions of the Plan, a copy of which is furnished to the Participant with this option.

In Witness Whereof, the Company has caused this option to be executed under its corporate seal by its duly authorized officer. This option shall take effect as a sealed instrument.

Centene Corporation

By: _____

PARTICIPANT'S ACCEPTANCE

The undersigned hereby accepts the foregoing option and agrees to the terms and conditions thereof. The undersigned hereby acknowledges receipt of a copy of the Company's 2012 Stock Incentive Plan.

Dated: _____

Participant: _____

[Director Name]

CENTENE CORPORATION

Restricted Stock Agreement Granted Under
2012 Stock Incentive Plan

THIS AGREEMENT is entered into by Centene Corporation, a Delaware corporation (hereinafter the "Company"), and the undersigned **Director** of the Company (hereinafter the "Participant").

WHEREAS, the Company desires to align the long-term interests of its directors with those of the Company by providing the ownership interest granted herein;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements herein contained, the parties hereto hereby agree as follows:

1. Issuance of Shares.

The Company is issuing to the Participant as of _____, subject to the terms and conditions set forth in this Agreement and in the Company's 2012 Stock Incentive Plan (the "Plan"), _____ shares (the "Shares") of common stock, $.001 par value, of the Company ("Common Stock"). The Participant agrees that the Shares shall be subject to the purchase option set forth in Section 2 of this Agreement and the restrictions on transfer set forth in Section 4 of this Agreement.

2. Purchase Option.

The Company shall have the right and option (the "Purchase Option") to purchase some or all of the Shares from the Participant for a sum of $.001 per Share (the "Option Price"), subject to the following:

(a) The Company may not exercise the Purchase Option until such time, if any, as the Participant ceases to be a director of the Company for a reason other than the Participant's death or "permanent and total disability" (as defined in the first sentence of Section 22(e)(3), or any successor provision, of the Internal Revenue Code of 1986, as amended from time to time).

(b) It is understood and expected that the Participant will attend all or substantially all Board events in person or by telephone. If, as determined by the Board, the Participant is absent from a significant number of Board events, the Company may exercise the Purchase Option. While not limiting the discretion of the Board, it is understood and expected that absences are more likely to be excused if they result from a family or personal emergency such as death, illness or similar unexpected event. Also, while not limiting Board discretion, it is understood and expected that absences are less likely to be excused if they result from business conflicts or emergencies.

(c) Subject to the first sentence of Section 3(c), the Company may not exercise the Purchase Option upon or after the earliest to occur of (i) the date of the first annual meeting of stockholders of the Company (or any special meeting held in lieu of such annual meeting) to occur after the date of this Agreement, (ii) the occurrence of a Change in Control (as defined below) and (iii) the death of the Participant.

For purposes of clarity (and without limiting the foregoing), if the Participant is not absent from any of the specified Board events and continues to serve as a director of the Company until the date of the first annual meeting of stockholders of the Company (or any special meeting held in lieu of such annual meeting) to occur after the date of this Agreement, the Company shall never be entitled to exercise the Purchase Option with respect to any of the SharesA "Change in Control" shall be deemed to have occurred if any of the events set forth in any one of the following clauses shall occur: (i) any Person (as defined in section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and as such term is modified in sections 13(d) and 14(d) of the Exchange Act), excluding a group of persons including the Participant, is or becomes the "beneficial owner" (as defined in Rule 13(d)(3) under the

Exchange Act), directly or indirectly, of securities of the Company representing forty percent or more of the combined voting power of the Company's then-outstanding securities; (ii) individuals who, as of the date of this Agreement, constitute the Board of Directors of the Company (the "Incumbent Board"), cease for any reason to constitute a majority thereof (*provided, however,* that an individual becoming a director subsequent to the date of this Agreement whose election, or nomination for election by the Company's stockholders, was approved by at least a majority of the directors then comprising the Incumbent Board shall be included within the definition of Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual election contest (or such terms used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board of Directors of the Company); or (iii) the stockholders of the Company consummate a merger or consolidation of the Company with any other corporation, other than a merger or consolidation that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least fifty percent of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation.

3. Exercise of Purchase Option and Closing.

(a) The Company may exercise the Purchase Option under Section 2(a) by delivering or mailing to the Participant (or his or her estate) a written notice of exercise, within 90 days after the date on which the Participant ceases to be a director of the Company (regardless of the deadlines specified in Section 2(c)). The Company may exercise the Purchase Option under Section 2(b) by delivering or mailing to the Participant prior to the date of the first annual meeting of stockholders of the Company (or any special meeting held in lieu of such annual meeting) to occur after the date of this Agreement, a written notice of exercise of the Purchase Option. Any notice to exercise the Purchase Option under Section 2(a) or 2(b) shall specify the number of Shares to be purchased. If and to the extent the Purchase Option under Section 2(a) or 2(b) is not so exercised by the giving of such a notice, the Purchase Option shall automatically expire and terminate.

(b) Within 10 days after delivery to the Participant of the Company's notice of the exercise of the Purchase Option pursuant to subsection (a) above, the Participant (or his or her estate) shall, pursuant to the provisions of the Joint Escrow Instructions referred to in Section 5 below, tender to the Company at its principal offices the certificate or certificates representing the Shares which the Company has elected to purchase in accordance with the terms of this Agreement, duly endorsed in blank or with duly endorsed stock powers attached thereto, all in form suitable for the transfer of such Shares to the Company. Promptly following its receipt of such certificate or certificates, the Company shall pay to the Participant the aggregate Option Price for such Shares (provided that any delay in making such payment shall not invalidate the Company's exercise of the Purchase Option with respect to such Shares).

(c) After the time at which any Shares are required to be delivered to the Company for transfer to the Company pursuant to subsection (b) above, the Company shall not pay any dividend to the Participant on account of such Shares or permit the Participant to exercise any of the privileges or rights of a stockholder with respect to such Shares, but shall, in so far as permitted by law, treat the Company as the owner of such Shares.

(d) The Option Price is payable in cash (by check).

(e) The Company shall not purchase any fraction of a Share upon exercise of the Purchase Option, and any fraction of a Share resulting from a computation made pursuant to Section 2 of this Agreement shall be rounded to the nearest whole Share (with any one-half Share being rounded upward).

(f) The Company may assign its Purchase Option to one or more persons or entities.

4. Restrictions on Transfer.

(a) The Participant shall not sell, assign, transfer, pledge, hypothecate or otherwise dispose of, by operation of law or otherwise (collectively "transfer") any Shares, or any interest therein, that are subject to the Purchase Option, except that the Participant may transfer such Shares (i) to or for the benefit of any spouse, children, parents, uncles, aunts, siblings, grandchildren and any other relatives approved by the Board of Directors (collectively, "Approved Relatives") or to a trust established solely for the benefit of the Participant and/or Approved Relatives, provided that such Shares shall remain subject to this Agreement (including without limitation the restrictions on transfer set forth in this Section 4 and the Purchase Option) and such permitted transferee shall, as a condition to such transfer, deliver to the Company a written instrument confirming that such transferee shall be bound by all of the terms and conditions of this Agreement or (ii) as part of the sale of all or substantially all of the shares of capital stock of the Company (including pursuant to a merger or consolidation), provided that, in accordance with the Plan, the securities or other property received by the Participant in connection with such transaction shall remain subject to this Agreement.

5. Escrow.

The Participant shall, upon the execution of this Agreement, execute Joint Escrow Instructions in the form attached to this Agreement as Exhibit A. The Joint Escrow Instructions shall be delivered to the Secretary of the Company, as escrow agent thereunder. The Participant shall deliver to such escrow agent a stock assignment duly endorsed in blank, in the form attached to this Agreement as Exhibit B, and hereby instructs the Company to deliver to such escrow agent, on behalf of the Participant, the certificate(s) evidencing the Shares issued hereunder. Such materials shall be held by such escrow agent pursuant to the terms of such Joint Escrow Instructions.

6. Restrictive Legends.

All certificates representing Shares shall have affixed thereto legends in substantially the following form, in addition to any other legends that may be required under federal or state securities laws:

> "The shares of stock represented by this certificate are subject to restrictions on transfer and an option to purchase set forth in a certain Restricted Stock Agreement between the corporation and the registered owner of these shares (or his predecessor in interest), and such Agreement is available for inspection without charge at the office of the Secretary of the corporation."

7. Provisions of the Plan.

(a) This Agreement is subject to the provisions of the Plan, a copy of which is furnished to the Participant with this Agreement.

(b) As provided in the Plan, upon the occurrence of a Reorganization Event (as defined in the Plan), the repurchase and other rights of the Company hereunder shall inure to the benefit of the Company's successor and shall apply to the cash, securities or other property which the Shares were converted into or exchanged for pursuant to such Reorganization Event in the same manner and to the same extent as they applied to the Shares under this Agreement. If, in connection with a Reorganization Event, a portion of the cash, securities and/or other property received upon the conversion or exchange of the Shares is to be placed into escrow to secure indemnification or similar obligations, the mix between the vested and unvested portion of such cash, securities and/or other property that is placed into escrow shall be the same as the mix between the vested and unvested portion of such cash, securities and/or other property that is not subject to escrow.

8. Withholding Taxes; Section 83(b) Election.

(a) The Participant acknowledges and agrees that the Company has the right to deduct from payments of any kind otherwise due to the Participant any federal, state or local taxes of any kind required by law to be withheld with respect to the purchase of the Shares by the Participant or the lapse of the Purchase Option.

(b) The Participant has reviewed with the Participant's own tax advisors the federal, state, local and foreign tax consequences of this investment and the transactions contemplated by this Agreement. The Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents. The Participant understands that the Participant (and not the Company) shall be responsible for the Participant's own tax liability that may arise as a result of this investment or the transactions contemplated by this Agreement. The Participant understands that it may be beneficial in many circumstances to elect to be taxed at the time the Shares are purchased rather than when and as the Company's Purchase Option expires by filing an election under Section 83(b) of the Internal Revenue Code of 1986 with the I.R.S. within 30 days from the date of purchase.

THE PARTICIPANT ACKNOWLEDGES THAT IT IS THE PARTICIPANT'S SOLE RESPONSIBILITY AND NOT THE COMPANY'S TO FILE TIMELY THE ELECTION UNDER SECTION 83(b), EVEN IF THE PARTICIPANT REQUESTS THE COMPANY OR ITS REPRESENTATIVES TO MAKE THIS FILING ON THE PARTICIPANT'S BEHALF.

9. Miscellaneous.

(a) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, and each other provision of this Agreement shall be severable and enforceable to the extent permitted by law.

(b) Waiver. Any provision for the benefit of the Company contained in this Agreement may be waived, either generally or in any particular instance, by the Board of Directors of the Company.

(c) Binding Effect. This Agreement shall be binding upon and inure to the benefit of the Company and the Participant and their respective heirs, executors, administrators, legal representatives, successors and assigns, subject to the restrictions on transfer set forth in Section 4 of this Agreement.

(d) Notice. All notices required or permitted hereunder shall be in writing and deemed effectively given upon personal delivery or five days after deposit in the United States Post Office, by registered or certified mail, postage prepaid, addressed to the other party hereto at the address shown beneath his or her or its respective signature to this Agreement, or at such other address or addresses as either party shall designate to the other in accordance with this Section 9(d).

(e) Pronouns. Whenever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns shall include the plural, and vice versa.

(f) Entire Agreement. This Agreement and the Plan constitute the entire agreement between the parties, and supersedes all prior agreements and understandings, relating to the subject matter of this Agreement.

(g) Amendment. This Agreement may be amended or modified only by a written instrument executed by both the Company and the Participant.

(h) Governing Law. This Agreement shall be construed, interpreted and enforced in accordance with the internal laws of the State of Delaware without regard to any applicable conflicts of laws.

(i) Participant's Acknowledgments. The Participant acknowledges that he or she: (i) has read this Agreement; (ii) has been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of the Participant's own choice or has voluntarily declined to seek such counsel; (iii) understands the terms and consequences of this Agreement; (iv) is fully aware of the legal and binding effect of this Agreement; and (v) understands that the law firm of Bryan Cave LLP, is acting as counsel to the Company in connection with the transactions contemplated by the Agreement, and is not acting as counsel for the Participant.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

CENTENE CORPORATION

_____

By:

_____

[Director Name]

AMENDMENT OF EXECUTIVE EMPLOYMENT AGREEMENT

THIS AMENDMENT OF EXECUTIVE EMPLOYMENT AGREEMENT (the "Amendment") is entered into as of February 20, 2023, by and between Centene Corporation, a Delaware corporation, together with its successors and assigns permitted under this Agreement (the "Company"), and Sarah M. London (the "Executive").

WHEREAS, the parties entered into that certain Executive Employment Agreement dated as of April 27, 2022 ("Agreement"); and

WHEREAS, the parties desire to amend the Agreement in order to reflect a change in the Executive's long-term incentive compensation.

NOW, **THEREFORE,** in consideration of the premises and mutual covenants herein contained, the parties agree as follows:

1. Section 3.3 is amended in its entirety to read as follows:

   Executive shall be eligible for annual grants of long-term cash and equity compensation awards at the Company's good faith discretion, based upon the Compensation Committee's evaluation of her performance and peer company compensation practices (each, a "Long-Term Award"). The Long-Term Awards may consist of, among others, (a) a cash-based long-term incentive awards (the "Cash Awards") under the Company's 2007 Long-Term Incentive Plan, as amended, or successor-plan (the "LTIP"), and (b) service-based restricted stock units, performance-based restricted stock units and performance-based stock options (the "Equity Awards") issued under the Company's 2012 Stock Incentive Plan, as amended, or successor plan (the "Stock Plan"). Each Cash Award shall be subject to the terms of the LTIP and an award agreement to be executed by Executive and the Company, and each Equity Award shall be subject to the terms of the Stock Plan and award agreements to be executed by Executive and the Company; provided, that the terms of such awards shall be no less favorable than provided to other senior executives of the Company generally. In 2022, the Executive's annual target Long-Term Awards shall be $12,500,000. The amount and type of the Executive's future Long-Term Awards shall be annually determined by the Compensation Committee in its sole discretion; provided that Executive shall be treated no less favorably than senior executives of the Company generally, with respect to the type of her future Long-Term Awards.

2. Section 5.1(f)(ii) is hereby amended in its entirety to read as follows:

   upon or following a Change in Control, a reduction in Executive's Salary or Annual Bonus potential from those in effect immediately prior to the Change in Control

3. Section 5.1(f)(iv) is hereby amended in its entirety to read as follows:

   a material breach by the Company or any of its affiliates of this Agreement (including without limitation, Section 3.1 and Section 3.2 hereof) or any material compensation agreement

4. Section 5.5(a) is hereby amended to replace the reference to "three (3) times" with "2.99 times."

5. Section 7.4 is hereby amended to replace the second sentence of such section in its entirety and replace it with the following:

   The Company hereby agrees to engage the Accountant to do an independent valuation of the Non-Compete Provision as part of an analysis of Executive's post-Change in Control reasonable compensation.

6. General Terms and Conditions. All other terms and conditions of the Agreement not amended hereunder shall remain in full force and effect, as applicable. This Amendment shall be governed by and construed in accordance with the laws of the State of Missouri, without regard to principles of conflict of laws that would cause the application of laws of another jurisdiction. This Amendment may be executed in any number of counterparts, each of which will be an original, but such counterparts will together constitute but one and the same Amendment.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have signed their names as of the date and year first above written.

CENTENE CORPORATION

By: /s/ Christopher Koster
Name: Christopher Koster
Title: Executive Vice President, Secretary and General Counsel

EXECUTIVE

By: /s/ Sarah London
SARAH LONDON

AMENDMENT OF EXECUTIVE EMPLOYMENT AGREEMENT

THIS AMENDMENT OF EXECUTIVE EMPLOYMENT AGREEMENT (the "Amendment") is entered into as of February 20, 2023, by and between Centene Corporation, a Delaware corporation, together with its successors and assigns permitted under this Agreement (the "Company"), and Andrew Asher (the "Executive").

WHEREAS, the parties entered into that certain Executive Employment Agreement dated as of April 28, 2022 ("Agreement"); and

WHEREAS, the parties desire to amend the Agreement in order to reflect a change in the Executive's long-term incentive compensation.

NOW, **THEREFORE,** in consideration of the premises and mutual covenants herein contained, the parties agree as follows:

1. Section 3(g) is amended in its entirety to read as follows:

   In 2022, the total target level of compensation for the Executive will be $8,900,000. In future calendar years, the Executive's actual total target level of compensation shall be annually determined by the Compensation Committee in its sole discretion. The Compensation Committee shall determine in its sole discretion, consistent with the principles set forth in (d) and (e) above, the specific components of the Executive's total compensation for 2023 and 2024 and for any future calendar years in the Employment Term.

2. Section 3(h) is deleted in its entirety.

3. Section 14(h)(i) is amended in its entirety to read as follows:

   (i) a reduction in the Executive's (x) Base Salary, (y) Target Bonus or (z) aggregate compensation opportunity, in each case, from the prior year's amounts,

4. General Terms and Conditions. All other terms and conditions of the Agreement not amended hereunder shall remain in full force and effect, as applicable. This Amendment shall be governed by and construed in accordance with the laws of the State of Missouri, without regard to principles of conflict of laws that would cause the application of laws of another jurisdiction. This Amendment may be executed in any number of counterparts, each of which will be an original, but such counterparts will together constitute but one and the same Amendment.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have signed their names as of the date and year first above written.

CENTENE CORPORATION

By: /s/ Sarah M. London

Name: Sarah M. London

Title: Chief Executive Officer

EXECUTIVE

By: /s/ Andrew Asher

ANDREW ASHER

EXECUTIVE EMPLOYMENT AGREEMENT

In this Executive Employment Agreement, dated as of February 20, 2023 (the "Agreement"), Centene Corporation (the "Company"), and Kenneth Fasola (the "Executive"), intending to be legally bound and for good and valuable consideration, agree as follows:

1. Term.

a. The Executive's employment hereunder shall begin effective on the date above and shall continue until terminated by either party in accordance with Section 5 of this Agreement. The period during which the Executive is employed by the Company hereunder is hereby referred to as the "Employment Term."

2. Position and Duties.

a. Position. During the Employment Term, the Executive shall serve as the President of the Company, reporting solely and directly to the Company's Chief Executive Officer. In such position, the Executive shall have the duties, authority, and responsibilities consistent with industry norms for the President role, as shall be determined from time to time by the Chief Executive Officer, which duties, authority, and responsibilities shall include, without limitation, operating accountability for the revenue generating operations of the Company, subject to standard oversight of the Board and Chief Executive Officer.

b. Duties. During the Employment Term, the Executive shall devote substantially all of the Executive's business time and attention to the performance of the Executive's duties hereunder and shall not engage in any other business, profession, or occupation for compensation or otherwise which would conflict or interfere with the performance of such services either directly or indirectly without the prior written consent of the Board of Directors ("Board"). The Executive may serve on trade, civic or charitable boards and, subject to prior approval by the Board, the board of directors of one (1) other for-profit company, that does not compete as described in Section 11(d), of the Executive's choice, and may manage personal investments and affairs to the extent such activities do not materially interfere with the performance of the Executive's duties and responsibilities hereunder.

c. Travel. The Executive's principal business location shall be in Texas. The Executive acknowledges and agrees that the Executive may be required to travel on Company business, as reasonably needed to meet the Company's objectives, during the Employment Term.

3. Compensation.

a. Base Salary. Effective January 1, 2023, the Company shall pay the Executive an annual base salary of $1,100,000 in periodic installments in accordance with the Company's customary payroll practices and applicable wage payment laws, but no less frequently than monthly. The Executive's base salary shall be reviewed at least annually by the Compensation Committee of the Board (the "Compensation Committee") and the Compensation Committee may, but shall not be required to, increase the base salary during the Employment Term. However, the Executive's base salary may not be decreased during the Employment Term other than as part of an across-the-board salary reduction that applies in the same manner to all senior executives generally, subject to Section 13(h). The Executive's annual base salary, as in effect from time to time, is hereinafter referred to as "Base Salary." Any unpaid portion of Base Salary from January 1, 2023 through the date of execution of this Agreement shall be paid in a lump sum in accordance with the Company's customary payroll practices on March 3, 2023.

b. Annual Bonus. During the Employment Term (effective beginning with the 2023 calendar year), the Executive shall be eligible to receive an annual bonus based on the achievement of performance goals established and evaluated by the Compensation Committee (the "Annual Bonus"). The Executive's annual target bonus opportunity shall be equal to 125% of the Executive's Base Salary (the "Target Bonus"). The Annual Bonus, if any, shall be paid within two and a half (2 1/2) months after the end of the year during which the Annual Bonus is earned.

c. Signing Bonus. Upon the execution of this Agreement the Executive shall be paid a one-time $1,000,000 cash award. In the event the Executive's employment is terminated by the Company for Cause or by the Executive without Good Reason within 18 months following the date of this Agreement and prior to a Change in Control, the Executive shall repay to the Company the full amount of such cash award within thirty (30) days following such termination of employment.

d. Long-Term Incentive Compensation. In the first quarter of 2023, the Executive shall be entitled to receive an equity award under the Company's 2012 Stock Incentive Plan (the "Stock Plan") with an aggregate annual grant date target value equal to $6,025,000 (subject to any delay required by applicable securities law). Following 2023, the amount of the Executive's annual long term incentive grants shall be determined in the discretion of the Compensation Committee (taking into account individual and Company performance and market compensation levels for similarly-situated senior executives). The allocation of long-term incentive compensation awards amongst types of awards, and any applicable performance measures, shall be determined by the Compensation Committee in its sole discretion, but shall be consistent with the percentages and performance targets assigned to awards granted in the same performance cycle to similarly situated senior executives of the Company. Under the equity program in effect as of the date of this Agreement, 35% of the long-term incentive compensation awards will be in the form of restricted stock units ("RSUs") and 65% will be in the form of performance share units ("PSUs"). Under the current program, all RSUs are subject to three-year graded vesting, and all PSUs are subject to three-year cliff vesting (in each case, with settlement upon vesting). All RSUs and PSUs shall be subject to the terms of the Stock Plan and award agreements to be executed by the Executive and the Company. Except as set forth in the following sentence, the award agreements shall be in the same form applicable to similarly situated senior executives of the Company, and shall provide that units shall be settled as soon as practicable following the applicable vesting date. Upon the Executive's termination of employment by the Company or by the Executive for any reason whether voluntary or involuntary (other than a termination of employment by the Company for Cause), all long-term incentive compensation awards granted after the date of this Agreement will continue to vest according to their terms (disregarding any ongoing service requirements), without pro-ration, and with PSUs eligible to be earned based upon the attainment of the applicable performance metrics.

e. Legacy Company Equity Awards. Notwithstanding anything to the contrary in that certain Agreement and Plan of Merger between the Company and Magellan Health Inc. (the "Transaction Agreement"), 50% of the remaining unvested Executive Company Equity Awards (as defined in the Transaction Agreement) that were converted into corresponding awards of the Company (collectively, the "Legacy Company Equity Awards") will vest on the second anniversary of the Closing Date (as defined in the Transaction Agreement), and the remaining 50% will vest on the thirty (30) month anniversary following the Closing Date, subject to continued employment with the Company or one of its affiliates through each vesting date. Such Legacy Company Equity Awards shall be settled on the vesting date or as soon as practicable thereafter (but not more than five business days thereafter). For the avoidance of doubt, in the event the Executive's employment is terminated without Cause or by the Executive with Good Reason on or prior to the thirty (30) month anniversary of the Closing Date, the Legacy Company Equity Awards will vest on the date of the Executive's termination.

4. Employee Benefits. The Executive and/or the Executive's dependents, as the case may be, shall participate in employee and executive retirement, medical, dental, vision, disability, group and/or executive life, accidental death and travel accident insurance, and similar benefit plans and programs of the Company, subject to the terms and conditions thereof, as in effect from time to time with respect generally to senior executives employed by the Company. The Executive shall be entitled to be paid these benefits upon termination in accordance with the terms of the applicable employee benefit plans, or, if not governed by ERISA, pursuant to the policies and practices of the Company as in effect from time to time with respect to senior executives employed by the Company. In addition, the Executive shall be entitled to personal use of the Company's corporate aircraft in accordance with the policies of the Company in effect from time to time, up to a maximum of 20 hours per year.

5. Severance Pay. The Employment Term and the Executive's employment hereunder may be terminated by either the Company or the Executive at any time and for any reason; provided that, unless otherwise provided herein, (i) the Executive shall be required to give the Company at least ninety (90) days' advance written notice of the Executive's intent to retire or otherwise terminate his employment, and (ii) the Company shall be required to give the Executive at least sixty (60) days' advance written notice of the termination of the Executive's employment for any reason other than for Cause. Should the Executive's employment with the Company be terminated due to a Qualifying Termination that is not a Change in Control Termination, in addition to the Accrued Obligations, the Company agrees to pay or provide the following compensation and benefits during the severance period and the Executive shall have no further rights to any compensation or any other benefits from the Company:

a. Severance pay to the Executive in the form of a cash lump sum payment equal to the Executive's annual Base Salary determined using the Executive's then-current Base Salary (disregarding any reduction constituting Good Reason or any reduction made in the preceding six (6) month period), with such amount payable to the Executive on the sixtieth (60th) day after the termination date.

b. A prorated Annual Bonus for the year in which the Executive's date of termination occurs based on the degree of achievement of goals under the bonus program in effect at the time of termination and the portion of the year elapsed as of the date of termination. The degree of achievement of goals shall be determined in accordance with the bonus program, except that should any goals be of a subjective nature, the degree of achievement therefore shall be determined by the Company in its sole discretion. Any such bonus amount shall be paid in a single, lump sum payment at the same time as Annual Bonuses for the year are paid to the Company's officers generally. The Executive shall also receive any prior Annual Bonus which has been achieved and accrued, but not paid at the time of termination.

c. Subject to Section 11, during the twelve (12) month period of salary continuation described in (a) above, the Company shall pay for a portion of the health, dental, prescription drug and vision insurance continuation coverage (collectively "Medical Coverage") to which the Executive is entitled under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") on behalf of the Executive, and as applicable, the Executive's spouse and dependents, subject to the Executive's timely election of COBRA healthcare continuation coverage. For such twelve (12) month period, the terminated the Executive shall be responsible to pay contributions for Medical Coverage provided under this Section 5(c) in the same amount as is charged to similar active employees for similar coverage, rather than the full COBRA premium amount, and the Company shall pay the remainder of the COBRA premium amount.

d. The Executive's then-outstanding RSUs, PSUs or other equity-based or long-term cash incentive awards (including, but not limited to, any Company equity-based or long-term cash incentive awards granted in calendar year 2022), if any, shall remain subject to the vesting

and forfeiture terms set forth in their award agreements (or the letter agreement dated January 4, 2021, by and between the Company and the Executive, as applicable (the "Letter Agreement")); provided, however, that awards granted following the date of this Agreement shall continue to vest consistent with the terms of Section 3(d); and provided further, that with respect to any equity-based or long-term cash incentive award outstanding on the date of the Qualifying Termination, the Executive will receive no less than an additional 12 months of service credit.

e. For a period of up to six (6) months from the date of the Qualifying Termination, the Company shall provide outplacement services to the Executive that are comparable to other executives at this level who have terminated. Outplacement services shall be provided by an entity selected by the Company. The Executive shall use best efforts, consistent with the terms of Section 11, to become gainfully employed during the period the Executive is receiving benefits under this Agreement.

f. Notwithstanding the foregoing, should the Executive's employment with the Company be terminated prior to May 31, 2024 due to a Qualifying Termination that is not a Change in Control Termination, in lieu of the cash severance payable under Section 5(a) of this Agreement but in addition to the other payments and benefits under Sections 5(b)-(e) of this Agreement, the Executive shall be entitled to severance pay in a cash lump sum payment equal to the product of (x) the sum of (i) the Executive's Base Salary, plus (ii) the Annual Bonus paid to the Executive in the calendar year prior to the year in which the Qualifying Termination occurs, multiplied by (y) 2.5, with such amount payable to the Executive on the sixtieth (60^{th}) day after the termination date; provided, however, that in no event shall the amount payable under this section 5(f) exceed the maximum amount payable under the Company's Executive Officer Cash Severance Policy.

g. If amounts are payable under this Section 5, no additional amounts shall be payable under Section 7 of this Agreement (unless Section 6(a)(ii) becomes applicable), nor any other agreement between the parties, which shall include, and not be limited to, any Executive Severance and Change in Control Agreement as well as any severance pay plan generally maintained by the Company for its employees.

6. Change in Control. The Company shall pay to the Executive the severance described in Section 7 if the Executive experiences a Qualifying Termination that occurred under the circumstances described below (a "Change in Control Termination"):

a. On the day of, or within twenty-four (24) months after, the occurrence of a Change in Control; or

b. Prior to a Change in Control but at the request of any third party participating in or causing the Change in Control or during the one hundred twenty (120) day period prior to a Change in Control.

7. Change in Control Severance Pay. In the event of a Change in Control Termination, in addition to the Accrued Obligations, the Company agrees to provide the Executive the following:

a. Severance pay equal to the product of (x) the sum of (i) the Executive's Base Salary, plus (ii) the average of the last two (2) Annual Bonuses paid to the Executive during the two (2) most recently completed full fiscal years of the Company, multiplied by (y) two (2). Such amount shall be paid in an undiscounted lump sum on the sixtieth (60th) day after the termination date. For purposes of calculating the amount of severance in this Section 7(a) and Section 7(b) due as a result of a Change in Control Termination, the Executive's Base Salary shall be based on the highest amount of such Base Salary during the two (2) year period ending on the date of termination.

b. A prorated Target Bonus for the year in which such termination occurs, paid in an undiscounted lump sum on the sixtieth (60^{th}) day after the termination date.

c. During the eighteen (18) month period following the Change in Control Termination, the Company shall pay for the Executive's entire Medical Coverage to which the Executive is entitled under COBRA. If the Company purchased a life insurance policy for the benefit of the Executive's beneficiaries prior to the Change in Control, the Company shall continue to maintain and pay all expenses associated with the corporate-owned life insurance policy for the remainder of the Executive's life.

d. Any RSUs, PSUs or other equity-based awards that were outstanding immediately prior to the Change in Control Termination shall, to the extent not then vested, fully vest and become exercisable as of the date of the Change in Control Termination and the Executive shall have the right to exercise any such stock option or stock appreciation right until the earlier to occur of (i) one (1) year from the date of the Change in Control Termination and (ii) the expiration date of such stock option or stock appreciation right or other equity-based award as set forth in the agreement evidencing such award. Any PSUs that were outstanding immediately prior to the Change in Control Termination shall vest at the greater of the actual performance level at the time of the Change in Control event or at target performance level, in each case, without pro-ration.

e. If amounts are payable under this Section 7, no amounts shall be payable under Section 5 of this Agreement, nor any other agreement between the parties, which shall include, and not be limited to, any Executive Severance and Change in Control Agreement as well as any severance pay plan generally maintained by the Company for its employees. Notwithstanding the foregoing, the amounts payable pursuant to this Section 7 shall be reduced by any amounts previously paid to the Executive pursuant to Section 5 and no duplication of payments shall occur.

8. Adjustments. If, for any reason, any part or all of the amounts payable to the Executive under this Agreement (or otherwise, if such amounts are in the nature of compensation paid or payable by the Company or any of its subsidiaries after there has been a Change in Control) (collectively "Total Payments") are deemed to be "excess parachute payments" within the meaning of Section 280G(b)(1) of the Code or any successor or similar provision, and would be subject to the excise tax imposed by Section 4999 of the Code or any successor or similar provision, such Total Payments shall be reduced to the extent necessary such that no amounts paid or payable to the Executive shall be deemed excess parachute payments subject to excise tax under Section 4999 of the Code; provided, however, that no such reduction shall occur if (i) the net amount of such Total Payments as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments) is less than (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such unreduced Total Payments and the amount of excise taxes to which the Executive would be subject in respect of such unreduced Total Payments). All determinations required to be made under this Section 8 and the assumptions to be utilized in arriving at such determination shall be made by an independent, nationally recognized accounting firm designated by the Company prior to the Change in Control (the "Auditor"). The Auditor shall provide detailed supporting calculations to both the Company and the Executive within fifteen (15) business days of the receipt of notice from the Executive or the Company that there has been a payment, or such earlier time as is requested by the Company. All fees and expenses of the Auditor shall be paid by the Company. All determinations made by the Auditor shall be binding upon the Company and the Executive.

9. Cooperation. The parties agree that certain matters in which the Executive shall be involved during the Employment Term may necessitate the Executive's cooperation in the future. Accordingly, during the 24-month period following the termination of the Executive's employment for any reason, to the extent reasonably requested by the Board, the Executive shall cooperate with the Company to provide truthful information in connection with matters arising out of the Executive's service to the Company; provided that, such cooperation shall be subject to the Executive's personal and business commitments, the Company shall make reasonable efforts to minimize disruption of the Executive's other activities and the Executive shall receive reasonable compensation, as to be agreed by the parties, for the Executive's cooperation in excess of eight (8) hours per month. The Company shall reimburse Executive for all reasonable expenses incurred in connection with cooperation including travel costs, and if determined in good faith to be reasonably appropriate by the Executive, the reasonable fees incurred by independent counsel for the Executive (subject to the good faith prior approval of the Company's general counsel). The Executive shall not be required to cooperate against his own legal interests or those of a subsequent employer or business partner.

10. Conditions. Any payments or benefits made or provided pursuant to this Agreement are subject to the Executive's:

i. compliance in all material respects with the provisions of Section 11 hereof (provided, that, the Company shall provide the Executive with written notice of any such failure to comply and not less than thirty (30) days to cure, if curable);

ii. with respect to payments under Sections 5, 7 and the last sentence of 3(d), delivery to the Company, within 45 days following the Executive's termination date, of an executed full and complete release of claims, in the form attached hereto as Exhibit A, with such terms as needed under then applicable law to give full effect to its intent and purpose (the "Release"); and

iii. delivery to the Company of a resignation from all offices, directorships and fiduciary positions with the Company, its affiliates and employee benefit plans.

Notwithstanding the due date of any post-employment payments, any amounts due under this Agreement shall not be due until after the expiration of any revocation period applicable to the Release. Nevertheless, upon any termination of the Executive's employment, the Executive shall be entitled to receive the Accrued Obligations, payable within thirty (30) days after the date of termination or in accordance with the applicable plan, program or policy.

11. Executive's Covenants. The Executive acknowledges that the above consideration, absent this Agreement, is beyond what the Company is obligated to pay. In consideration for the Executive's employment, the opportunity for the payments and benefits specified in this Agreement, and the Company allowing the Executive to have access (or continue to have access) to the Company's or its Affiliates' Confidential Information, the Executive agrees to the following, which shall continue to apply in the event the Executive's employment is terminated by either party for any reason, whether voluntary or involuntary and whether with or without Cause or with or without Good Reason.

a. Confidential Information. As used in this Section 11, "Confidential Information" shall mean the Company's and the Affiliates' trade secrets and other non-public proprietary information relating to the Company and the Affiliates or the business of the Company and the Affiliates, including, but not limited to, information relating to financial statements, customer lists and customer information, employee skills and compensation, employee data, supplier lists and supplier information, vendor lists and vendor information, acquisition targets, servicing methods, equipment, programs, strategies and information, analyses, marketing plans and strategies, new and proposed product plans; pricing, profit margins, financial, promotional, marketing, training or operational information, customer lists and customer information, and other information developed or used by the Company that is not known generally to the public or the industry. Confidential Information shall not include any information that is in the public domain or becomes known in the public domain through no wrongful act on the part of the Executive.

b. Non-Disclosure. The Executive agrees that the Confidential Information is a valuable, special and unique asset of the Company's business, that such Confidential Information is important to the Company and the effective operation of the Company's business. As such and in addition to the other restrictions contained in this Section 11, the Executive shall not, either during the Executive's employment with the Company and at all times thereafter, directly or indirectly use, disclose, divulge or communicate in any fashion, form or manner to any person, firm, partnership, corporation or other entity, or use for the Executive's own benefit, any trade secrets (whether patentable or not) or any Confidential Information except to the limited extent that such disclosure or use is both authorized and reasonably required in connection with the Executive's employment. Notwithstanding the foregoing provisions of Section 11(b), the Executive may disclose information if required by applicable law or a court order or subpoena requested by a governmental or self-regulatory organization or as reasonably necessary in connection with any legal process between Executive and the Company or any of its subsidiaries or Affiliates, *except that* (i) in the case of disclosure required by law, court order or subpoena, to the extent legally permitted, the Executive shall inform the Company immediately upon becoming aware of the requirement to disclose or, if applicable, upon receipt of the court order or subpoena, and, to the extent legally permitted, shall not disclose until the Company has had a reasonable opportunity to review and object to such disclosure; and (ii) in the case of disclosure in connection with any legal process, the Executive shall only be permitted to disclose to the parties to the legal process, and then only as may be consistent with any confidentiality stipulation or protective order as may be in effect in such legal process. The Company shall reimburse the Executive for all reasonable legal costs incurred in complying with the foregoing sentence.

i. *Defend Trade Secrets Act Notice to Executive*. Notwithstanding the foregoing and any other terms of this Agreement, the Executive will not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that: (A) is made (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney, and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, if the Executive files a lawsuit for retaliation by the Company or any of its Affiliates for reporting a suspected violation of law, the Executive may disclose the trade secret to Employee's attorney and use the trade secret information in the court proceeding if the Executive files any document containing the trade secret under seal and does not disclose the trade secret except pursuant to court order.

c. Property of Company. Any Confidential Information, and all other business information or documents, shall be and remain solely and exclusively the property of the Company and/or its Affiliates. During his or her employment, the Executive shall not remove from the property or premises of the Company or its Affiliates any Confidential Information or any other documents or data relating to the business, work, services or sales of the Company and/or its Affiliates, or copies thereof, unless authorized by the Company and/or its Affiliates and required for the Executive to perform his or her employment duties. Upon the termination of the Executive's employment regardless of whether such termination is with or without Cause or with or without Good Reason, or at any other time requested by the Company or its Affiliates, the Executive shall promptly deliver all documents, files, devices and other items (whether maintained in electronic or hard copy format) obtained in the course of his or her employment, whether or not the Executive believes such items constitute or contain Confidential Information, and without retaining any copies, notes, or excerpts thereof. Notwithstanding the foregoing, the Executive may retain the Executive's contacts, calendars, personal correspondence, and all information and documentation reasonably needed for the Executive's personal tax return preparation purposes.

d. Non-Competition; Non-Solicitation.

i. During the Employment Term and for twelve (12) months after the termination of the Executive's employment with the Company (including any parent, subsidiary, Affiliate or division of the Company) for any reason whatsoever, whether voluntary or involuntary and whether with or without Cause or with or without Good Reason, the Executive shall not directly or indirectly counsel, advise, consult, be employed or otherwise engaged, in each case, in a strategic, managerial or executive role, by or with any entity or enterprise ("Competitor") that competes, or that intends or plans to compete with (A) any area of business in which the Company or any Affiliate is engaged, and in which the Executive was engaged, participated in or about which the Executive learned Confidential Information during the Executive's last thirty-six (36) months of employment, or (B) any other area of business for which the Company or any Affiliate has taken substantial steps towards becoming engaged, and in which the Executive was engaged, participated in or about which the Executive learned Confidential Information during the Executive's last 36 months of employment. Because the Company and its Affiliates engage in business nationwide, the obligations under this Section 11(d) shall apply nationwide (anywhere in the United States). Notwithstanding the foregoing, Executive shall not violate this provision by providing services to a unit, division, subsidiary or affiliate of a Competitor which otherwise engages in activities competitive with the business activities of the Company if such unit, division, subsidiary or affiliate for which Executive provides services does not engage in such business activities.

ii. During the Employment Term and for the period of twelve (12) months immediately after the termination of the Executive's employment with the Company (or any parent, subsidiary, affiliate or division of the Company) for any reason whatsoever, and whether voluntary or involuntary, and whether with or without Cause or with or without Good Reason (the "Restricted Period"), the Executive shall not, either directly or indirectly, either for the Executive or for any other person, firm, company or corporation, call upon, solicit, divert, or take away, or attempt to solicit, divert or take away any of the customers, prospective customers, business, providers, vendors or suppliers of the Company or any Affiliate that (at any time during the last three years of the Executive's employment) the Executive had dealings with, or responsibility for, or about which the Executive had access to the Company's (or any Affiliate's) Confidential Information or such customers', providers', vendors' or suppliers' confidential information.

iii. The Executive shall not, at any time during the Restricted Period, without the prior written consent of the Company, (1) directly or indirectly, solicit, recruit, divert from the Company, hire, or employ (whether as an employee, officer, director, agent, consultant or independent contractor) any person who was or is at any time during the previous six (6) months an employee, representative, officer or director of the Company or any Affiliate; or (2) take any action to encourage or induce any employee, representative, officer or director of the Company or any Affiliate to cease their relationship with the Company or any Affiliate for any reason. Notwithstanding the foregoing, the Executive shall not violate this covenant by advertising not specifically targeted at any of the Company's employees and serving as a reference upon request.

e. Non-Disparagement. During and after the Employment Term, the Executive agrees not to make any statement that criticizes, ridicules, disparages, or is otherwise derogatory of the Company; provided, however, that nothing in this Agreement shall restrict the Executive from making truthful statements (a) when required by law, subpoena, court order or the like; (b) when requested by a governmental, regulatory, or similar body or entity; (c) in confidence to a professional advisor for the purpose of securing professional advice; (d) in the course of performing the Executive's duties during the Employment Term; (e) pursuant to legal process between the Executive and the Company; or (f) as reasonably necessary to correct false or misleading statements made by the Company about the Executive. In addition, the Company will instruct its executive officers and the Board not to disparage the Executive, directly or indirectly, to any person or entity.

f. Enforcement. If any of the provisions or subparts of this Section 11 shall be held to be invalid or unenforceable by a court or arbitrator, the remaining provisions or subparts thereof shall nevertheless continue to be valid and enforceable according to their terms. Further, if any restriction contained in the provisions or subparts of this Section 11 is held to be overbroad or unreasonable as written (for example, in scope of activities restricted, duration, or geographic reach), the parties agree that such court or arbitrator shall modify such provisions in a manner to reflect the maximum period, scope or geographical area deemed reasonable and enforceable by the court or arbitrator, and such provisions, as modified, shall be fully enforceable as though set forth herein. Any such modification shall not affect the other provisions or clauses of this Agreement in any respect.

g. Remedies for Breach.

i. Because the Executive's services are unique and because the Executive has access to the Company's and its Affiliates' Confidential Information, the parties agree that any breach or threatened breach of this Section 11 shall cause irreparable harm to the Company and/or its Affiliates and that money damages alone would be an inadequate remedy. The parties therefore agree that, in the event of any breach or threatened breach of this Section 11, and in addition to all other rights and remedies available to it under this Agreement or otherwise, and whether in equity or at law, the Company and/or its Affiliates may apply for specific performance and/or injunctive or other relief, without a bond, in order to enforce or prevent any violations of the provisions of this Section 11.

ii. The Executive acknowledges and understands that, but for agreeing to be bound to the provisions of this Section 11, the Executive would not be entitled to receive the benefits and payments promised by the Company pursuant to Section 5, including all subparts thereto. The Executive agrees that any breach of this Section 11 during the twelve (12) month period following a Qualifying Termination would constitute a material breach of this Agreement and subjects the Executive to the forfeiture of all the aggregate after-tax proceeds of payments made pursuant to Section 5 of this Agreement (taking into account all amounts of tax that would be recoverable upon a claim of loss for payment of such proceeds in the year of repayment). The Company expressly reserves the right to pursue all other legal and equitable remedies available to it by virtue of any breach of this Section 11, including without limitation injunctive relief as provided in Section 11(g)(i) above.

iii. The Executive acknowledges and agrees that the remedies provided for in this Section 11(g) are cumulative and not exclusive of any and other remedies available under this Agreement or otherwise, and whether in equity or at law, including other remedies provided under agreements related to bonuses and equity and equity-based awards. In that regard, the Executive acknowledges and agrees that, while the forfeiture of payments and benefits referenced in Section 11(g) is appropriate in the event of a breach of Section 11, injunctive relief to prevent a continuing breach would still be necessary to give the Company an adequate remedy.

h. Survival. The provisions of this Section 11 shall survive and continue in full force in accordance with their terms notwithstanding any termination of this Agreement or any termination of the Executive's employment for any reason (whether voluntary or involuntary).

12. Dispute Resolution. Except with respect to any claims by either Party for or concerning temporary and/or preliminary injunctive relief as it relates to the specific performance of the restrictions set forth in Section 11(a) through 11(f) of this Agreement, any disputes under this Agreement shall, at the election of the Executive or the Company, be settled by arbitration in St. Louis, Missouri, in accordance with the Arbitration Rules of the American Arbitration Association for employment disputes, as modified herein, as determined by a panel of St. Louis arbitrators. Unless otherwise agreed, the arbitration shall be conducted within sixty (60) days of submission to arbitration and a decision shall be rendered within thirty (30) days of the conclusion of the arbitration hearing. Otherwise, any such dispute shall be resolved by a state court sitting in St. Louis County, Missouri or a Federal court sitting in St. Louis, Missouri, as described in Section 16.

13. Definitions. For purposes of this Agreement, the following terms shall have the definitions as set forth below:

a. "Affiliate" shall mean each and every direct or indirect parent or subsidiary of the Company, as well as any entity that is under common control with the Company.

b. "Accrued Obligations" shall mean, as of the date of termination, the sum of (A) the Executive's then-current Base Salary (disregarding any reduction constituting Good Reason) through the date of termination to the extent not theretofore paid, (B) any vacation pay, sick pay and expense reimbursements earned and accrued by the Executive as of the date of termination to the extent not theretofore paid, (C) any rights, entitlements or benefits to which the Executive is or becomes (or the Executive's dependents are or become) entitled in accordance with the terms of any Company employee benefit plan or program. and (D) any accrued but unpaid Annual Bonus in respect of any prior completed fiscal year. For the purpose of this definition of "Accrued Obligations," except as provided in the applicable plan, program or policy, amounts shall be deemed to accrue ratably over the period during which they are earned, but no discretionary compensation shall be deemed earned or accrued until it is specifically approved by the Board or a designee in accordance with the applicable plan, program or policy. In no event shall Accrued Obligations include any RSUs or PSUs outstanding. For the avoidance of doubt, if the Executive is terminated for any reason other than a Qualifying Termination the Executive shall only be entitled to Accrued Obligations, plus the benefits set forth in the last sentence of Section 3(d) to the extent applicable.

c. "Cause" shall mean acts or omissions that are (i) criminal, dishonest or fraudulent or constitute willful misconduct that adversely affects the reputation of the Company (including any parent, subsidiary, Affiliate or division of the Company), other than Limited Vicarious Liability (as defined below); (ii) acts or omissions that could reasonably be expected to expose the Company or any parent, subsidiary, Affiliate or division of the Company to liability for illegal harassment or discrimination in employment; (iii) material breaches of this Agreement, which breaches if curable are not cured within thirty (30) days following written notice from the Company; or (iv) willful and repeated refusal to perform, or willful and repeated failure to undertake good faith efforts to perform, substantially the duties of the Executive's employment, which non-performance has continued for thirty (30) days following the Executive's receipt of written notice from the Chief Executive Officer or the Board of such non-performance; provided, that, poor performance shall not in and of itself constitute Cause. No action or inaction shall be treated as willful unless done or not done in bad faith and without an objectively reasonable belief it was in the best interests of the Company or any parent, subsidiary, Affiliate or division of the Company. Poor performance shall not in and of itself constitute Cause. Cause shall not occur as a result of actions or inactions based upon directions from the Board or advice of counsel to the Company. The Executive shall not be terminated for Cause absent a resolution by the Board and the opportunity to be heard (with his counsel present if he so elects) before the Board. For purposes of this Section 13(c), "Limited Vicarious Liability" shall mean any liability which is (A) based on acts of the Company for which the Executive is responsible solely as a result of his office(s) with the Company and (B) provided that (1) he was not directly involved in such acts and either had no prior knowledge of such intended actions or promptly acted reasonably and in good faith to attempt to prevent the acts causing such liability or (2) he did not have a reasonable basis to believe that a law was being violated by such acts.

d. "Change in Control" shall mean the first to occur of any of the following; provided, that for any distribution that is subject to Section 409A of the Code, a Change in Control under this Agreement shall be deemed to occur only if such event also satisfies the requirements under Treas. Regs. Section 1.409A-3(i)(5):

i. any Person (as defined in section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and as such term is modified in sections 13(d) and 14(d) of the Exchange Act), excluding a group of persons including the Executive , is or becomes the "beneficial owner" (as defined in Rule 13(d)(3) under the Exchange Act), directly or indirectly, of securities of the Company representing forty percent (40%) or more of the combined voting power of the Company's then-outstanding securities;

ii. individuals who, as of January 1, 2023, constituted the Board (the "Incumbent Board"), cease for any reason to constitute a majority thereof (provided, however, that an individual becoming a director subsequent to January 1, 2023 whose election, or nomination for election by the Company's stockholders, was approved by at least a majority of the directors then comprising the Incumbent Board shall be included within the definition of Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual election contest (or such terms used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board); or

iii. the stockholders of the Company consummate a merger or consolidation of the Company with any other corporation, other than a merger or consolidation that would result in (x) the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity (i.e., the ultimate parent entity if one exists)) at least fifty percent (50%) of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation and (y) the members of the board of directors of the Company as of the time of the Board's approval of the execution of the initial agreement providing for such merger or consolidation continuing to represent a majority of the board of directors of the Company or such surviving entity (i.e., the ultimate parent entity if one exists) immediately after such merger or consolidation.

e. "Code" shall mean the Internal Revenue Code of 1986, as amended.

f. "Disability" means the disability of the Executive as defined in Section 409A(a)(2)(C) of the Code.

g. "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

h. "Good Reason" shall mean without the Executive's express written consent (i) a reduction in the Executive's Base Salary or Annual Bonus or aggregate annual compensation opportunity, as compared to such amounts in the prior calendar year (or during the first calendar year of the Employment Term as compared to 2023), other than, prior to a Change in Control, any reduction solely to Base Salary that is also applicable in a substantially similar manner and proportion to the other senior executives of the Company generally, that is not in excess of an aggregate 10%, (ii) a material adverse change in the Executive's title or position with the Company or the nature or scope of the Executive's duties during the Employment Term, as in place immediately following the execution of this Agreement, or the Executive no longer reports solely and directly to the Chief Executive Officer, (iii) a demand by the Company during the Employment Term, as defined in Section 1, that the Executive relocate outside of the location at which the Executive was primarily working at the time of such demand, or (iv) a material breach by the Company or its Affiliates of this Agreement or any material compensation agreement. In order to effectuate a resignation with Good Reason, the Executive must provide written notice to the Company of the existence of Good Reason no later than ninety (90) days after the Executive's knowledge of its initial existence, the Company shall have a period of thirty (30) days following its receipt of such written notice during which it may remedy in all material respects the Good Reason condition identified in such written notice. If the Company fails to remedy in all material respects such Good Reason condition, the Executive shall be permitted to terminate with Good Reason during the thirty (30) day period following the foregoing cure period.

i. "Qualifying Termination" shall mean a termination of the Executive's employment (a) by the Company without Cause, (b) by the Executive for Good Reason, or (c) due to death or Disability.

14. No Mitigation; Limited Offset. In no event shall the Executive be obligated to seek other employment or take other action by way of mitigation of the amounts payable to the Executive hereunder, and such amounts shall not be reduced regardless whether the Executive obtains other employment.

15. Reformation. Except as otherwise set forth in Section 11 of this Agreement, if any provision(s) of this Agreement shall be found invalid, illegal, or unenforceable, in whole or in part, then such provision(s) shall be deemed to be modified or restricted to the extent and in the manner necessary to render the same valid and enforceable or shall be deemed excised from this Agreement, as the case may require, and this Agreement shall be construed and enforced to the maximum extent permitted by law, as if such provision(s) had been originally incorporated herein as so modified or restricted or as if such provision(s) had not been originally incorporated herein, as the case may be.

16. Governing Law; Venue for Disputes. This Agreement shall be governed under the internal laws of the State of Missouri, without regard to its conflict of law principles. The Executive agrees that, except as otherwise set forth in Section 12 above, the exclusive venue and jurisdiction for any litigation concerning the enforcement or enforceability of the terms of this Agreement, or for any litigation that in any way arises out of this Agreement or the Executive's employment with the Company or any Affiliate, shall be the St. Louis County Circuit Court, in the State of Missouri or, if the federal court has subject matter jurisdiction (and at the option of the party pursuing the claim), in the United States District Court for the Eastern District of Missouri, and the Executive hereby: (a) submits to the personal jurisdiction of such courts; (b) consents to the service of process in connection with any action, suit, or proceeding against the Executive; and (c) waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction, venue or service of process.

17. Conflict. If any provision of this Agreement conflicts with any other agreement, policy, plan, practice or other the Company document, then the provisions of this Agreement shall control. This Agreement shall supersede any prior agreement, including any Executive Severance and Change in Control Agreement, between the Executive and the Company with respect to the subject matter contained herein and may be amended only by a writing signed by an officer of the Company and the Executive.

18. Code Section 409A. To the extent applicable, it is intended that the payment of the benefits, severance, incentive compensation and/or equity compensation provided under this Agreement shall comply with or be exempt from the provisions of Section 409A of the Code, and this Agreement shall be construed and applied in a manner consistent with this intent. In the event any payment or benefit under this Agreement is determined by the Company to be in the nature of deferred compensation, the Company and the Executive hereby agree to take such actions, not otherwise provided herein, as may be mutually agreed between the parties to ensure that such payments remain exempt from or in compliance with the applicable provisions of Section 409A of the Code and the Treasury Regulations thereunder. Notwithstanding any provision of this Agreement to the contrary, if the Executive is a "specified employee" within the meaning of Section 409A, any payments due upon a termination of the Executive's employment under any arrangement that constitutes a "deferral of compensation" within the meaning of Section 409A and which does not otherwise qualify under the exemptions under Treasury Regulation Section 1.409A-1 (including without limitation, the short-term deferral exemption or the permitted payments under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A)), shall be delayed and paid or provided on the earlier of (i) the date which is six months after the Executive's "separation from service" (as such term is defined in Section 409A and the Regulations and the other published guidance thereunder) for any reason other than death, and (ii) the date of the Executive's death. To the extent that any payment or benefit under this Agreement is modified by reason of this Section 19, it shall be modified in a manner that complies with Section 409A and preserves to the maximum possible extent the economic costs or value thereof (as applies) to the respective parties (determined on a pre-tax basis).

19. Withholding. The Company shall have the right to withhold from any amount payable hereunder any Federal, state, and local taxes in order that the Company satisfies any required withholding tax obligation it may have under any applicable law or regulation.

20. Assignment. This Agreement shall be binding upon and inure to the benefit of the Company and any successor or assign of the Company, including (without limitation) any corporation or other entity that may acquire all or substantially all of the assets of the Company, or with or into which the Company may be merged or consolidated, and any such successor or assign shall be deemed substituted for Employer under the provisions hereof; provided, that, if the Company assigns this Agreement to an Affiliate it shall remain secondarily liable . The Executive further hereby consents to the assignment of this Agreement by the Company and waives any assertion or claim that the Executive's contemporaneous consent for such an assignment is needed for the assignment to be effective. The Executive shall not be permitted to assign the Executive's rights or obligations under this Agreement.

21. Third-Party Beneficiaries. The Executive acknowledges and agrees that, if the Executive provides any material services to, or receives any material confidential information concerning, any Affiliate of the Company, such other Affiliate(s) of the Company shall be deemed a third-party beneficiary of the Executive's obligations under Section 11(a) of this Agreement and shall be permitted to enforce Section 11(a) of this Agreement against the Executive as if such Affiliate(s) were the Company hereunder.

22. Entire Agreement. Except as otherwise referenced herein, this Agreement constitutes the entire agreement of the parties and is the complete, final, and exclusive embodiment of their agreement with regard to this subject matter, and will supersede all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral, between the parties with respect to the subject matter hereof, including (i) the employment agreement, dated October 31, 2019, by and between Magellan Health Inc. and the Executive, and (ii) the Letter Agreement. No modification, amendment, or waiver of any of the provisions of this Agreement shall be effective or binding unless set forth in a writing signed by the parties hereto and specifically referring to this Agreement. Unless otherwise specifically agreed by the Executive and the Company in writing following the date hereof, the definitions of Cause, Good Reason and Disability set forth herein shall replace the definitions of those terms applicable to the Executive in any other agreement between the Company and the Executive or any Company plan applicable to the Executive and the restrictive covenants set forth in Section 11 herein shall replace the restrictive covenants applicable to the Executive with respect to any Company equity award or other plan or agreement.

23. Counterparts. This Agreement may be executed in one or more counterparts, which together shall constitute a valid and binding agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the Executive and the Company, by its duly authorized representatives, have executed this Agreement effective as of the date set forth below.

EXECUTIVE	CENTENE CORPORATION
/s/ Kenneth Fasola	By: /s/ Sarah M. London
Kenneth Fasola	Name: Sarah M. London Title: Chief Executive Officer
February 20, 2023	February 20, 2023
Date	Date

EXHIBIT A

FORM OF GENERAL RELEASE OF ALL CLAIMS

THIS GENERAL RELEASE OF ALL CLAIMS (this "General Release"), dated as of _____, is made by and between Kenneth Fasola ("Executive") and Centene Corporation (together with its successors and assigns, the "Company").

WHEREAS, the Company and Executive are parties to that certain Employment Agreement, dated as of [DATE] (the "Employment Agreement");

WHEREAS, Executive's employment with the Company has been terminated and Executive is entitled to receive severance and other benefits, as set forth in Section 5 of the Employment Agreement subject to the execution of this General Release;

WHEREAS, in consideration for Executive's signing of this General Release, the Company will provide Executive with such severance and benefits pursuant to the Employment Agreement; and

WHEREAS, except as otherwise expressly set forth herein, the parties hereto intend that this General Release shall effect a full satisfaction and release of the obligations described herein owed to Executive by the Company.

NOW, THEREFORE, in consideration of the premises, the mutual covenants of the parties hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby covenant and agree as follows:

1. Executive, for Executive, Executive's spouse, heirs, administrators, children, representatives, executors, successors, assigns, and all other individuals and entities claiming through Executive, if any (collectively, the "Executive Releasers"), does hereby release, waive, and forever discharge the Company and each of its respective agents, subsidiaries, parents, affiliates, related organizations, employees, officers, directors, attorneys, successors, and assigns in their capacities as such (collectively, the "Employer Releasees") from, and does fully waive any obligations of Employer Releasees to Executive Releasers for, any and all liability, actions, charges, causes of action, demands, damages, or claims for relief, remuneration, sums of money, accounts or expenses (including attorneys' fees and costs) of any kind whatsoever, whether known or unknown or contingent or absolute, which heretofore has been or which hereafter may be suffered or sustained, directly or indirectly, by Executive Releasers in consequence of, arising out of, or in any way relating to: (a) Executive's employment with the Company; (b) the termination of Executive's employment with the Company; (c) the Employment Agreement; or (d) any events relating to Executive's employment occurring on or prior to the date of this General Release. The foregoing release, discharge and waiver includes, but is not limited to, all waivable claims and any obligations or causes of action arising from such claims, under common law including wrongful or retaliatory discharge, breach of contract (including but not limited to any claims under the Employment Agreement other than claims for unpaid severance benefits, bonus or salary earned thereunder) and any action arising in tort including libel, slander, defamation or intentional infliction of emotional distress, and claims under any federal, state or local statute including the Age Discrimination in Employment Act ("ADEA"), Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1866 and 1871 (42 U.S.C. § 1981), the National Labor Relations Act, the Fair Labor Standards Act, the Employee Retirement Income Security Act, the Americans with Disabilities Act of 1990, the Rehabilitation Act of 1973, or the discrimination or employment laws of any state or municipality, and/or any claims under any express or implied contract which Executive Releasers may claim existed with Employer

Releasees. This also includes a release of any claims for wrongful discharge and all other claims for alleged physical or personal injury, emotional distress relating to or arising out of Executive's employment with the Company or any of its subsidiaries or affiliates or the termination of that employment; and any claims under the WARN Act or any similar law, which requires, among other things, that advance notice be given of certain work force reductions. Notwithstanding anything contained in this Section 1 above to the contrary, nothing contained in herein shall constitute a release by any Executive Releaser of any of his, her or its rights or remedies available to him, her or it, at law or in equity, related to, on account of, in connection with or in any way pertaining to the enforcement of: (i) any right to indemnification, advancement of legal fees or directors and officers liability insurance coverage existing under the constituent documents of the Company or applicable state corporate, limited liability company and partnership statutes or pursuant to any agreement, plan or arrangement; (ii) any rights to the receipt of health, welfare or qualified retirement benefits which vested on or prior to the date of this General Release; (iii) the right to continuation coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act; (iv) the right to receive worker's compensation, or (v) this General Release or any of its terms or conditions.

2. Excluded from this General Release and waiver are any claims which cannot be waived by applicable law, including but not limited to the right to participate in an investigation conducted by certain government agencies. Executive does, however, waive Executive's right to any monetary recovery should any government agency (such as the Equal Employment Opportunity Commission) pursue any claims on Executive's behalf. Executive represents and warrants that Executive has not filed any complaint, charge, or lawsuit against the Employer Releasees with any government agency or any court.

3. Executive agrees never to seek personal recovery from any Employer Releasee in any forum for any claim covered by the above waiver and release language, except that Executive may bring a claim under the ADEA to challenge this General Release. If Executive violates this General Release by suing an Employer Releasee, then Executive shall be liable to the Employer Releasee so sued for such Employer Releasee's reasonable attorneys' fees and other litigation costs incurred in defending against such a suit; *except that* to the extent such suit includes claims under the ADEA or other claims that are excluded from the release set forth in Section 1 hereof, the Executive shall not be liable for paying for the attorneys' fees and costs associated with such ADEA or other excluded claims. Nothing in this General Release is intended to reflect any party's belief that Executive's waiver of claims under ADEA is invalid or unenforceable, it being the intent of the parties that such claims are waived.

4. Each party agrees that neither this General Release, nor the furnishing of the consideration for this General Release, shall be deemed or construed at any time to be an admission by any party of any improper or unlawful conduct.

5. Each party acknowledges and recites that he or it has:

i. executed this General Release knowingly and voluntarily;

ii. had a reasonable opportunity to consider this General Release;

iii. read and understands this General Release in its entirety;

iv. been advised and directed orally and in writing (and this subparagraph (d) constitutes such written direction) to seek legal counsel and any other advice such party wishes with respect to the terms of this General Release before executing it; and

v. relied solely on such party's own judgment, belief and knowledge, and such advice as such party may have received from such party's legal counsel.

6. Section 12 of the Employment Agreement, which shall survive the expiration of the Employment Agreement for this purpose, shall apply to any dispute with regard to this General Release.

7. Executive acknowledges and agrees that (a) Executive's execution of this General Release has not been forced by any employee or agent of the Company, and Executive has had an opportunity to negotiate the terms of this General Release; and (b) Executive has been offered twenty-one (21) calendar days after receipt of this General Release to consider its terms before executing it. Executive shall have seven (7) calendar days from the date he executes this General Release to revoke Executive's waiver of any ADEA claims by providing written notice of the revocation to the Company. Such notice shall not be effective unless it is received by the Company within such seven-day period, and provided by the Executive (i) by personal delivery to the CEO or such other individual as may be identified by the Company at the time of Executive's termination, or (ii) by FedEx or other nationally recognized overnight delivery service, or by first class mail with charges or postage prepaid and return receipt requested, in each case properly addressed to the Company at its principal office, or (iii) by such other method as may be designated by the Company at the time of Executive's termination (for example, DocuSign or pdf attachment to email).

8. Capitalized terms used but not defined in this General Release have the meanings ascribed to such terms in the Employment Agreement.

9. This General Release may be executed by the parties in one or more counterparts, each of which shall be an original and all of which shall together constitute one and the same instrument. Each counterpart may be delivered by facsimile transmission or e-mail (as a .pdf, .tif or similar un-editable attachment), which transmission shall be deemed delivery of an originally executed counterpart hereof.

IN WITNESS WHEREOF, the parties hereto have executed this General Release as of the day and year first above written.

CENTENE CORPORATION

By: _____
Name:
Title:

EXECUTIVE

By: _____
Kenneth Fasola

EXECUTIVE EMPLOYMENT AGREEMENT

In this Executive Employment Agreement, dated as of February 20, 2023 (the "Agreement"), Centene Corporation (the "Company"), and James E. Murray (the "Executive"), intending to be legally bound and for good and valuable consideration, agree as follows:

1. Term.

a. The Executive's employment hereunder shall begin effective on the date above and shall continue until terminated by either party in accordance with Section 5 of this Agreement. The period during which the Executive is employed by the Company hereunder is hereby referred to as the "Employment Term."

2. Position and Duties.

a. Position. During the Employment Term, the Executive shall serve as the Chief Operating Officer of the Company, reporting solely and directly to the Company's President and shall continue to be a member of the "Office of the CEO" or similar c-suite executive leadership committee. The Executive shall have the duties, authority, and responsibilities as shall be determined from time to time by the President, which duties, authority, and responsibilities are consistent with the Executive's position.

b. Duties. During the Employment Term, the Executive shall devote substantially all of the Executive's business time and attention to the performance of the Executive's duties hereunder and shall not engage in any other business, profession, or occupation for compensation or otherwise which would conflict or interfere with the performance of such services either directly or indirectly without the prior written consent of the Board of Directors ("Board"). The Executive may serve on trade, civic or charitable boards and, subject to prior approval by the Board, the board of directors of one (1) other for-profit company, that does not compete as described in Section 11(d), of the Executive's choice, and may manage personal investments and affairs to the extent such activities do not materially interfere with the performance of the Executive's duties and responsibilities hereunder.

c. Travel. The Executive's principal business location shall be in Texas. The Executive acknowledges and agrees that the Executive may be required to travel on Company business, as reasonably needed to meet the Company's objectives, during the Employment Term.

3. Compensation.

a. Base Salary. Effective January 1, 2023, the Company shall pay the Executive an annual base salary of $750,000 in periodic installments in accordance with the Company's customary payroll practices and applicable wage payment laws, but no less frequently than monthly. The Executive's base salary shall be reviewed at least annually by the Compensation Committee of the Board (the "Compensation Committee") and the Compensation Committee may, but shall not be required to, increase the base salary during the Employment Term. However, the Executive's base salary may not be decreased during the Employment Term other than as part of an across-the-board salary reduction that applies in the same manner to all senior executives generally, subject to Section 13(h). The Executive's annual base salary, as in effect from time to time, is hereinafter referred to as "Base Salary." Any unpaid portion of Base Salary from January 1, 2023 through the date of execution of this Agreement shall be paid in a lump sum in accordance with the Company's customary payroll practices on March 3, 2023.

b. Annual Bonus. During the Employment Term (effective beginning with the 2023 calendar year), the Executive shall be eligible to receive an annual bonus based on the achievement of performance goals established and evaluated by the Compensation Committee (the "Annual Bonus"). The Executive's annual target bonus opportunity shall be equal to 100% of the Executive's Base Salary (the "Target Bonus"). The Annual Bonus, if any, shall be paid within two and a half (2 1/2) months after the end of the year during which the Annual Bonus is earned.

c. Long-Term Incentive Compensation. In the first quarter of 2023, the Executive shall be entitled to receive an equity award under the Company's 2012 Stock Incentive Plan (the "Stock Plan") with an aggregate annual grant date target value equal to $4,250,000 (subject to any delay required by applicable securities law). Following 2023, the amount of the Executive's annual long term incentive grants shall be determined in the discretion of the Compensation Committee (taking into account individual and Company performance and market compensation levels for similarly-situated senior executives). The allocation of long-term incentive compensation awards amongst types of awards, and any applicable performance measures, shall be determined by the Compensation Committee in its sole discretion, but shall be consistent with the percentages and performance targets assigned to awards granted in the same performance cycle to similarly situated senior executives of the Company. Under the equity program in effect as of the date of this Agreement, 35% of the long-term incentive compensation awards will be in the form of restricted stock units ("RSUs") and 65% will be in the form of performance share units ("PSUs"). Under the current program, all RSUs are subject to three-year graded vesting, and all PSUs are subject to three-year cliff vesting (in each case, with settlement upon vesting). All RSUs and PSUs shall be subject to the terms of the Stock Plan and award agreements to be executed by the Executive and the Company. Except as set forth in the following sentence, the award agreements shall be in the same form applicable to similarly situated senior executives of the Company, and shall provide that units shall be settled as soon as practicable following the applicable vesting date. Upon the Executive's termination of employment by the Company or by the Executive for any reason whether voluntary or involuntary (other than a termination of employment by the Company for Cause), all long-term incentive compensation awards granted after the date of this Agreement will continue to vest according to their terms (disregarding any ongoing service requirements), without pro-ration, and with PSUs eligible to be earned based upon the attainment of the applicable performance metrics.

d. Legacy Company Equity Awards. Notwithstanding anything to the contrary in that certain Agreement and Plan of Merger between the Company and Magellan Health Inc. (the "Transaction Agreement"), the remaining unvested 50% of the Executive's Company Equity Awards (as defined in the Transaction Agreement) that were converted into corresponding awards of the Company (collectively, the "Legacy Company Equity Awards") (other than the Company Stock Options (as defined in the Transaction Agreement) will vest on the second anniversary of the Closing Date (as defined in the Transaction Agreement), subject to continued employment with the Company or one of its affiliates through the vesting date. Such Legacy Company Equity Awards shall be settled on the vesting date or as soon as practicable thereafter (but not more than five business days thereafter). For the avoidance of doubt, in the event the Executive's employment is terminated without Cause or by the Executive with Good Reason on or prior to the second anniversary of the Closing Date, the Legacy Company Equity Awards will vest on the date of the Executive's termination. Company Stock Options shall continue to vest on their normal vesting schedules.

4. Employee Benefits. The Executive and/or the Executive's dependents, as the case may be, shall participate in employee and executive retirement, medical, dental, vision, disability, group and/or executive life, accidental death and travel accident insurance, and similar benefit plans and programs of the Company, subject to the terms and conditions thereof, as in effect from time to time with respect generally to senior executives employed by the Company. The Executive shall be entitled to be paid these benefits upon termination in accordance with the terms of the applicable employee benefit plans, or, if not governed by ERISA, pursuant to the policies and practices of the Company as in effect from time to time with respect to senior executives employed by the Company. In addition, the Executive shall be entitled to personal use of the Company's corporate aircraft in accordance with the policies of the Company in effect from time to time, up to a maximum of 20 hours per year.

5. Severance Pay. The Employment Term and the Executive's employment hereunder may be terminated by either the Company or the Executive at any time and for any reason; provided that, unless otherwise provided herein, (i) the Executive shall be required to give the Company at least ninety (90) days' advance written notice of the Executive's intent to retire or otherwise terminate his employment, and (ii) the Company shall be required to give the Executive at least sixty (60) days' advance written notice of the termination of the Executive's employment for any reason other than for Cause. Should the Executive's employment with the Company be terminated due to a Qualifying Termination that is not a Change in Control Termination, in addition to the Accrued Obligations, the Company agrees to pay or provide the following compensation and benefits during the severance period and the Executive shall have no further rights to any compensation or any other benefits from the Company:

a. Severance pay to the Executive in the form of a cash lump sum payment equal to the Executive's annual Base Salary determined using the Executive's then-current Base Salary (disregarding any reduction constituting Good Reason or any reduction made in the preceding six (6) month period), with such amount payable to the Executive on the sixtieth (60th) day after the termination date.

b. A prorated Annual Bonus for the year in which the Executive's date of termination occurs based on the degree of achievement of goals under the bonus program in effect at the time of termination and the portion of the year elapsed as of the date of termination. The degree of achievement of goals shall be determined in accordance with the bonus program, except that should any goals be of a subjective nature, the degree of achievement therefore shall be determined by the Company in its sole discretion. Any such bonus amount shall be paid in a single, lump sum payment at the same time as Annual Bonuses for the year are paid to the Company's officers generally. The Executive shall also receive any prior Annual Bonus which has been achieved and accrued, but not paid at the time of termination.

c. Subject to Section 11, during the twelve (12) month period of salary continuation described in (a) above, the Company shall pay for a portion of the health, dental, prescription drug and vision insurance continuation coverage (collectively "Medical Coverage") to which the Executive is entitled under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA") on behalf of the Executive, and as applicable, the Executive's spouse and dependents, subject to the Executive's timely election of COBRA healthcare continuation coverage. For such twelve (12) month period, the terminated the Executive shall be responsible to pay contributions for Medical Coverage provided under this Section 5(c) in the same amount as is charged to similar active employees for similar coverage, rather than the full COBRA premium amount, and the Company shall pay the remainder of the COBRA premium amount.

d. The Executive's then-outstanding RSUs, PSUs or other equity-based or long-term cash incentive awards (including, but not limited to, any Company equity-based or long-term cash incentive awards granted in calendar year 2022), if any, shall remain subject to the vesting and forfeiture terms set forth in their award agreements (or the letter agreement dated June 9, 2021, by and between the Company and the Executive, as applicable (the "Letter Agreement")); provided, however, that awards granted following the date of this Agreement shall continue to vest consistent with the terms of Section 3(c); and provided further, that with respect to any equity-based or long-term cash incentive award outstanding on the date of the Qualifying Termination, the Executive will receive no less than an additional 12 months of service credit.

e. For a period of up to six (6) months from the date of the Qualifying Termination, the Company shall provide outplacement services to the Executive that are comparable to other executives at this level who have terminated. Outplacement services shall be provided by an entity selected by the Company. The Executive shall use best efforts, consistent with the terms of Section 11, to become gainfully employed during the period the Executive is receiving benefits under this Agreement.

f. Notwithstanding the foregoing, should the Executive's employment with the Company be terminated prior to May 31, 2024 due to a Qualifying Termination that is not a Change in Control Termination, in lieu of the cash severance payable under Section 5(a) of this Agreement but in addition to the other payments and benefits under Sections 5(b)-(e) of this Agreement, the Executive shall be entitled to severance pay in a cash lump sum payment equal to the product of (x) the sum of (i) the Executive's Base Salary, plus (ii) the Annual Bonus paid to the Executive in the calendar year prior to the year in which the Qualifying Termination occurs, multiplied by (y) 2.5, with such amount payable to the Executive on the sixtieth (60^{th}) day after the termination date; provided, however, that in no event shall the amount payable under this section 5(f) exceed the maximum amount payable under the Company's Executive Officer Cash Severance Policy.

g. If amounts are payable under this Section 5, no additional amounts shall be payable under Section 7 of this Agreement (unless Section 6(a)(ii) becomes applicable), nor any other agreement between the parties, which shall include, and not be limited to, any Executive Severance and Change in Control Agreement as well as any severance pay plan generally maintained by the Company for its employees.

6. Change in Control. The Company shall pay to the Executive the severance described in Section 7 if the Executive experiences a Qualifying Termination that occurred under the circumstances described below (a "Change in Control Termination"):

a. On the day of, or within twenty-four (24) months after, the occurrence of a Change in Control; or

b. Prior to a Change in Control but at the request of any third party participating in or causing the Change in Control or during the one hundred twenty (120) day period prior to a Change in Control.

7. Change in Control Severance Pay. In the event of a Change in Control Termination, in addition to the Accrued Obligations, the Company agrees to provide the Executive the following:

a. Severance pay equal to the product of (x) the sum of (i) the Executive's Base Salary, plus (ii) the average of the last two (2) Annual Bonuses paid to the Executive during the two (2) most recently completed full fiscal years of the Company, multiplied by (y) two (2). Such amount shall be paid in an undiscounted lump sum on the sixtieth (60th) day after the termination date. For purposes of calculating the amount of severance in this Section 7(a) and Section 7(b) due as a result of a Change in Control Termination, the Executive's Base Salary shall be based on the highest amount of such Base Salary during the two (2) year period ending on the date of termination.

b. A prorated Target Bonus for the year in which such termination occurs, paid in an undiscounted lump sum on the sixtieth (60th) day after the termination date.

c. During the eighteen (18) month period following the Change in Control Termination, the Company shall pay for the Executive's entire Medical Coverage to which the Executive is entitled under COBRA. If the Company purchased a life insurance policy for the benefit of the Executive's beneficiaries prior to the Change in Control, the Company shall continue to maintain and pay all expenses associated with the corporate-owned life insurance policy for the remainder of the Executive's life.

d. Any RSUs, PSUs or other equity-based awards that were outstanding immediately prior to the Change in Control Termination shall, to the extent not then vested, fully vest and become exercisable as of the date of the Change in Control Termination and the Executive shall have the right to exercise any such stock option or stock appreciation right until the earlier to occur of (i) one (1) year from the date of the Change in Control Termination and (ii) the expiration date of such stock option or stock appreciation right or other equity-based award as set forth in the agreement evidencing such award. Any PSUs that were outstanding immediately prior to the Change in Control Termination shall vest at the greater of the actual performance level at the time of the Change in Control event or at target performance level, in each case, without pro-ration.

e. If amounts are payable under this Section 7, no amounts shall be payable under Section 5 of this Agreement, nor any other agreement between the parties, which shall include, and not be limited to, any Executive Severance and Change in Control Agreement as well as any severance pay plan generally maintained by the Company for its employees. Notwithstanding the foregoing, the amounts payable pursuant to this Section 7 shall be reduced by any amounts previously paid to the Executive pursuant to Section 5 and no duplication of payments shall occur.

8. Adjustments. If, for any reason, any part or all of the amounts payable to the Executive under this Agreement (or otherwise, if such amounts are in the nature of compensation paid or payable by the Company or any of its subsidiaries after there has been a Change in Control) (collectively "Total Payments") are deemed to be "excess parachute payments" within the meaning of Section 280G(b)(1) of the Code or any successor or similar provision, and would be subject to the excise tax imposed by Section 4999 of the Code or any successor or similar provision, such Total Payments shall be reduced to the extent necessary such that no amounts paid or payable to the Executive shall be deemed excess parachute payments subject to excise tax under Section 4999 of the Code; provided, however, that no such reduction shall occur if (i) the net amount of such Total Payments as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments) is less than (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such unreduced Total Payments and the amount of excise

taxes to which the Executive would be subject in respect of such unreduced Total Payments). All determinations required to be made under this Section 8 and the assumptions to be utilized in arriving at such determination shall be made by an independent, nationally recognized accounting firm designated by the Company prior to the Change in Control (the "Auditor"). The Auditor shall provide detailed supporting calculations to both the Company and the Executive within fifteen (15) business days of the receipt of notice from the Executive or the Company that there has been a payment, or such earlier time as is requested by the Company. All fees and expenses of the Auditor shall be paid by the Company. All determinations made by the Auditor shall be binding upon the Company and the Executive.

9. Cooperation. The parties agree that certain matters in which the Executive shall be involved during the Employment Term may necessitate the Executive's cooperation in the future. Accordingly, during the 24-month period following the termination of the Executive's employment for any reason, to the extent reasonably requested by the Board, the Executive shall cooperate with the Company to provide truthful information in connection with matters arising out of the Executive's service to the Company; provided that, such cooperation shall be subject to the Executive's personal and business commitments, the Company shall make reasonable efforts to minimize disruption of the Executive's other activities and the Executive shall receive reasonable compensation, as to be agreed by the parties, for the Executive's cooperation in excess of eight (8) hours per month. The Company shall reimburse Executive for all reasonable expenses incurred in connection with cooperation including travel costs, and if determined in good faith to be reasonably appropriate by the Executive, the reasonable fees incurred by independent counsel for the Executive (subject to the good faith prior approval of the Company's general counsel). The Executive shall not be required to cooperate against his own legal interests or those of a subsequent employer or business partner.

10. Conditions. Any payments or benefits made or provided pursuant to this Agreement are subject to the Executive's:

i. compliance in all material respects with the provisions of Section 11 hereof (provided, that, the Company shall provide the Executive with written notice of any such failure to comply and not less than thirty (30) days to cure, if curable);

ii. with respect to payments under Sections 5, 7 and the last sentence of 3(c), delivery to the Company, within 45 days following the Executive's termination date, of an executed full and complete release of claims, in the form attached hereto as Exhibit A, with such terms as needed under then applicable law to give full effect to its intent and purpose (the "Release"); and

iii. delivery to the Company of a resignation from all offices, directorships and fiduciary positions with the Company, its affiliates and employee benefit plans.

Notwithstanding the due date of any post-employment payments, any amounts due under this Agreement shall not be due until after the expiration of any revocation period applicable to the Release. Nevertheless, upon any termination of the Executive's employment, the Executive shall be entitled to receive the Accrued Obligations, payable within thirty (30) days after the date of termination or in accordance with the applicable plan, program or policy.

11. Executive's Covenants. The Executive acknowledges that the above consideration, absent this Agreement, is beyond what the Company is obligated to pay. In consideration for the Executive's employment, the opportunity for the payments and benefits specified in this Agreement, and the Company allowing the Executive to have access (or continue to have access) to the Company's or its Affiliates' Confidential Information, the Executive agrees to the following, which shall continue to apply in the event the Executive's employment is terminated by either party for any reason, whether voluntary or involuntary and whether with or without Cause or with or without Good Reason.

a. Confidential Information. As used in this Section 11, "Confidential Information" shall mean the Company's and the Affiliates' trade secrets and other non-public proprietary information relating to the Company and the Affiliates or the business of the Company and the Affiliates, including, but not limited to, information relating to financial statements, customer lists and customer information, employee skills and compensation, employee data, supplier lists and supplier information, vendor lists and vendor information, acquisition targets, servicing methods, equipment, programs, strategies and information, analyses, marketing plans and strategies, new and proposed product plans; pricing, profit margins, financial, promotional, marketing, training or operational information, customer lists and customer information, and other information developed or used by the Company that is not known generally to the public or the industry. Confidential Information shall not include any information that is in the public domain or becomes known in the public domain through no wrongful act on the part of the Executive.

b. Non-Disclosure. The Executive agrees that the Confidential Information is a valuable, special and unique asset of the Company's business, that such Confidential Information is important to the Company and the effective operation of the Company's business. As such and in addition to the other restrictions contained in this Section 11, the Executive shall not, either during the Executive's employment with the Company and at all times thereafter, directly or indirectly use, disclose, divulge or communicate in any fashion, form or manner to any person, firm, partnership, corporation or other entity, or use for the Executive's own benefit, any trade secrets (whether patentable or not) or any Confidential Information except to the limited extent that such disclosure or use is both authorized and reasonably required in connection with the Executive's employment. Notwithstanding the foregoing provisions of Section 11(b), the Executive may disclose information if required by applicable law or a court order or subpoena requested by a governmental or self-regulatory organization or as reasonably necessary in connection with any legal process between Executive and the Company or any of its subsidiaries or Affiliates, *except that* (i) in the case of disclosure required by law, court order or subpoena, to the extent legally permitted, the Executive shall inform the Company immediately upon becoming aware of the requirement to disclose or, if applicable, upon receipt of the court order or subpoena, and, to the extent legally permitted, shall not disclose until the Company has had a reasonable opportunity to review and object to such disclosure; and (ii) in the case of disclosure in connection with any legal process, the Executive shall only be permitted to disclose to the parties to the legal process, and then only as may be consistent with any confidentiality stipulation or protective order as may be in effect in such legal process. The Company shall reimburse the Executive for all reasonable legal costs incurred in complying with the foregoing sentence.

i. *Defend Trade Secrets Act Notice to Executive*. Notwithstanding the foregoing and any other terms of this Agreement, the Executive will not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that: (A) is made (i) in confidence to a Federal, State, or

ii. local government official, either directly or indirectly, or to an attorney, and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In addition, if the Executive files a lawsuit for retaliation by the Company or any of its Affiliates for reporting a suspected violation of law, the Executive may disclose the trade secret to Employee's attorney and use the trade secret information in the court proceeding if the Executive files any document containing the trade secret under seal and does not disclose the trade secret except pursuant to court order.

c. Property of Company. Any Confidential Information, and all other business information or documents, shall be and remain solely and exclusively the property of the Company and/or its Affiliates. During his or her employment, the Executive shall not remove from the property or premises of the Company or its Affiliates any Confidential Information or any other documents or data relating to the business, work, services or sales of the Company and/or its Affiliates, or copies thereof, unless authorized by the Company and/or its Affiliates and required for the Executive to perform his or her employment duties. Upon the termination of the Executive's employment regardless of whether such termination is with or without Cause or with or without Good Reason, or at any other time requested by the Company or its Affiliates, the Executive shall promptly deliver all documents, files, devices and other items (whether maintained in electronic or hard copy format) obtained in the course of his or her employment, whether or not the Executive believes such items constitute or contain Confidential Information, and without retaining any copies, notes, or excerpts thereof. Notwithstanding the foregoing, the Executive may retain the Executive's contacts, calendars, personal correspondence, and all information and documentation reasonably needed for the Executive's personal tax return preparation purposes.

d. Non-Competition; Non-Solicitation.

i. During the Employment Term and for twelve (12) months after the termination of the Executive's employment with the Company (including any parent, subsidiary, Affiliate or division of the Company) for any reason whatsoever, whether voluntary or involuntary and whether with or without Cause or with or without Good Reason, the Executive shall not directly or indirectly counsel, advise, consult, be employed or otherwise engaged, in each case, in a strategic, managerial or executive role, by or with any entity or enterprise ("Competitor") that competes, or that intends or plans to compete with (A) any area of business in which the Company or any Affiliate is engaged, and in which the Executive was engaged, participated in or about which the Executive learned Confidential Information during the Executive's last thirty-six (36) months of employment, or (B) any other area of business for which the Company or any Affiliate has taken substantial steps towards becoming engaged, and in which the Executive was engaged, participated in or about which the Executive learned Confidential Information during the Executive's last 36

months of employment. Because the Company and its Affiliates engage in business nationwide, the obligations under this Section 11(d) shall apply nationwide (anywhere in the United States). Notwithstanding the foregoing, Executive shall not violate this provision by providing services to a unit, division, subsidiary or affiliate of a Competitor which otherwise engages in activities competitive with the business activities of the Company if such unit, division, subsidiary or affiliate for which Executive provides services does not engage in such business activities.

ii. During the Employment Term and for the period of twelve (12) months immediately after the termination of the Executive's employment with the Company (or any parent, subsidiary, affiliate or division of the Company) for any reason whatsoever, and whether voluntary or involuntary, and whether with or without Cause or with or without Good Reason (the "Restricted Period"), the Executive shall not, either directly or indirectly, either for the Executive or for any other person, firm, company or corporation, call upon, solicit, divert, or take away, or attempt to solicit, divert or take away any of the customers, prospective customers, business, providers, vendors or suppliers of the Company or any Affiliate that (at any time during the last three years of the Executive's employment) the Executive had dealings with, or responsibility for, or about which the Executive had access to the Company's (or any Affiliate's) Confidential Information or such customers', providers', vendors' or suppliers' confidential information.

iii. The Executive shall not, at any time during the Restricted Period, without the prior written consent of the Company, (1) directly or indirectly, solicit, recruit, divert from the Company, hire, or employ (whether as an employee, officer, director, agent, consultant or independent contractor) any person who was or is at any time during the previous six (6) months an employee, representative, officer or director of the Company or any Affiliate; or (2) take any action to encourage or induce any employee, representative, officer or director of the Company or any Affiliate to cease their relationship with the Company or any Affiliate for any reason. Notwithstanding the foregoing, the Executive shall not violate this covenant by advertising not specifically targeted at any of the Company's employees and serving as a reference upon request.

iv. The Executive hereby confirms that prior to the date hereof Executive has informed eHealth that the Executive will not serve on the board of directors of eHealth and the Executive confirms and agrees that the Executive has not since June 8, 2021, and will not in the future, participate in any committee or other meetings of the board of directors of eHealth as an observer or otherwise or hold himself out in any way as a current or future member of the board of directors of eHealth.

e. Non-Disparagement. During and after the Employment Term, the Executive agrees not to make any statement that criticizes, ridicules, disparages, or is otherwise derogatory of the Company; provided, however, that nothing in this Agreement shall restrict the Executive from making truthful statements (a) when required by law, subpoena, court order or the like; (b) when requested by a governmental, regulatory, or similar body or entity; (c) in confidence to a professional advisor for the purpose of securing professional advice; (d) in the course of performing the Executive's duties during the Employment Term; (e) pursuant to legal process between the Executive and the Company; or (f) as reasonably necessary to correct false or

misleading statements made by the Company about the Executive. In addition, the Company will instruct its executive officers and the Board not to disparage the Executive, directly or indirectly, to any person or entity.

f. Enforcement. If any of the provisions or subparts of this Section 11 shall be held to be invalid or unenforceable by a court or arbitrator, the remaining provisions or subparts thereof shall nevertheless continue to be valid and enforceable according to their terms. Further, if any restriction contained in the provisions or subparts of this Section 11 is held to be overbroad or unreasonable as written (for example, in scope of activities restricted, duration, or geographic reach), the parties agree that such court or arbitrator shall modify such provisions in a manner to reflect the maximum period, scope or geographical area deemed reasonable and enforceable by the court or arbitrator, and such provisions, as modified, shall be fully enforceable as though set forth herein. Any such modification shall not affect the other provisions or clauses of this Agreement in any respect.

g. Remedies for Breach.

i. Because the Executive's services are unique and because the Executive has access to the Company's and its Affiliates' Confidential Information, the parties agree that any breach or threatened breach of this Section 11 shall cause irreparable harm to the Company and/or its Affiliates and that money damages alone would be an inadequate remedy. The parties therefore agree that, in the event of any breach or threatened breach of this Section 11, and in addition to all other rights and remedies available to it under this Agreement or otherwise, and whether in equity or at law, the Company and/or its Affiliates may apply for specific performance and/or injunctive or other relief, without a bond, in order to enforce or prevent any violations of the provisions of this Section 11.

ii. The Executive acknowledges and understands that, but for agreeing to be bound to the provisions of this Section 11, the Executive would not be entitled to receive the benefits and payments promised by the Company pursuant to Section 5, including all subparts thereto. The Executive agrees that any breach of this Section 11 during the twelve (12) month period following a Qualifying Termination would constitute a material breach of this Agreement and subjects the Executive to the forfeiture of all the aggregate after-tax proceeds of payments made pursuant to Section 5 of this Agreement (taking into account all amounts of tax that would be recoverable upon a claim of loss for payment of such proceeds in the year of repayment). The Company expressly reserves the right to pursue all other legal and equitable remedies available to it by virtue of any breach of this Section 11, including without limitation injunctive relief as provided in Section 11(g)(i) above.

iii. The Executive acknowledges and agrees that the remedies provided for in this Section 11(g) are cumulative and not exclusive of any and other remedies available under this Agreement or otherwise, and whether in equity or at law, including other remedies provided under agreements related to bonuses and equity and equity-based awards. In that regard, the Executive acknowledges and agrees that, while the forfeiture of payments and benefits referenced in Section 11(g) is appropriate in the event of a breach of Section 11, injunctive relief to prevent a continuing breach would still be necessary to give the Company an adequate remedy.

h. Survival. The provisions of this Section 11 shall survive and continue in full force in accordance with their terms notwithstanding any termination of this Agreement or any termination of the Executive's employment for any reason (whether voluntary or involuntary).

12. Dispute Resolution. Except with respect to any claims by either Party for or concerning temporary and/or preliminary injunctive relief as it relates to the specific performance of the restrictions set forth in Section 11(a) through 11(f) of this Agreement, any disputes under this Agreement shall, at the election of the Executive or the Company, be settled by arbitration in St. Louis, Missouri, in accordance with the Arbitration Rules of the American Arbitration Association for employment disputes, as modified herein, as determined by a panel of St. Louis arbitrators. Unless otherwise agreed, the arbitration shall be conducted within sixty (60) days of submission to arbitration and a decision shall be rendered within thirty (30) days of the conclusion of the arbitration hearing. Otherwise, any such dispute shall be resolved by a state court sitting in St. Louis County, Missouri or a Federal court sitting in St. Louis, Missouri, as described in Section 16.

13. Definitions. For purposes of this Agreement, the following terms shall have the definitions as set forth below:

a. "Affiliate" shall mean each and every direct or indirect parent or subsidiary of the Company, as well as any entity that is under common control with the Company.

b. "Accrued Obligations" shall mean, as of the date of termination, the sum of (A) the Executive's then-current Base Salary (disregarding any reduction constituting Good Reason) through the date of termination to the extent not theretofore paid, (B) any vacation pay, sick pay and expense reimbursements earned and accrued by the Executive as of the date of termination to the extent not theretofore paid, (C) any rights, entitlements or benefits to which the Executive is or becomes (or the Executive's dependents are or become) entitled in accordance with the terms of any Company employee benefit plan or program. and (D) any accrued but unpaid Annual Bonus in respect of any prior completed fiscal year. For the purpose of this definition of "Accrued Obligations," except as provided in the applicable plan, program or policy, amounts shall be deemed to accrue ratably over the period during which they are earned, but no discretionary compensation shall be deemed earned or accrued until it is specifically approved by the Board or a designee in accordance with the applicable plan, program or policy. In no event shall Accrued Obligations include any RSUs or PSUs outstanding. For the avoidance of doubt, if the Executive is terminated for any reason other than a Qualifying Termination the Executive shall only be entitled to Accrued Obligations, plus the benefits set forth in the last sentence of Section 3(c) to the extent applicable.

c. "Cause" shall mean acts or omissions that are (i) criminal, dishonest or fraudulent or constitute willful misconduct that adversely affects the reputation of the Company (including any parent, subsidiary, Affiliate or division of the Company), other than Limited Vicarious Liability (as defined below); (ii) acts or omissions that could reasonably be expected to expose the Company or any parent, subsidiary, Affiliate or division of the Company to liability for illegal harassment or discrimination in employment; (iii) material breaches of this Agreement, which breaches if curable are not cured within thirty (30) days following written notice from the Company; or (iv) willful and repeated refusal to perform, or willful and repeated failure to undertake good faith efforts to perform, substantially the duties of the Executive's employment, which non-performance has continued for thirty (30) days following the Executive's receipt of written notice from the Chief Executive Officer or the Board of such non-performance; provided, that, poor performance shall not in and of itself constitute Cause. No action or inaction shall be treated as willful unless done or not done in bad faith and without an objectively reasonable belief it was in the best interests of the Company or any parent, subsidiary, Affiliate or division of the Company. Poor performance shall not in and of itself constitute Cause. Cause shall not

occur as a result of actions or inactions based upon directions from the Board or advice of counsel to the Company. The Executive shall not be terminated for Cause absent a resolution by the Board and the opportunity to be heard (with his counsel present if he so elects) before the Board. For purposes of this Section 13(c), "Limited Vicarious Liability" shall mean any liability which is (A) based on acts of the Company for which the Executive is responsible solely as a result of his office(s) with the Company and (B) provided that (1) he was not directly involved in such acts and either had no prior knowledge of such intended actions or promptly acted reasonably and in good faith to attempt to prevent the acts causing such liability or (2) he did not have a reasonable basis to believe that a law was being violated by such acts.

d. "Change in Control" shall mean the first to occur of any of the following; provided, that for any distribution that is subject to Section 409A of the Code, a Change in Control under this Agreement shall be deemed to occur only if such event also satisfies the requirements under Treas. Regs. Section 1.409A-3(i)(5):

i. any Person (as defined in section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and as such term is modified in sections 13(d) and 14(d) of the Exchange Act), excluding a group of persons including the Executive , is or becomes the "beneficial owner" (as defined in Rule 13(d)(3) under the Exchange Act), directly or indirectly, of securities of the Company representing forty percent (40%) or more of the combined voting power of the Company's then-outstanding securities;

ii. individuals who, as of January 1, 2023, constituted the Board (the "Incumbent Board"), cease for any reason to constitute a majority thereof (provided, however, that an individual becoming a director subsequent to January 1, 2023 whose election, or nomination for election by the Company's stockholders, was approved by at least a majority of the directors then comprising the Incumbent Board shall be included within the definition of Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an actual election contest (or such terms used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board); or

iii. the stockholders of the Company consummate a merger or consolidation of the Company with any other corporation, other than a merger or consolidation that would result in (x) the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity (i.e., the ultimate parent entity if one exists)) at least fifty percent (50%) of the combined voting power of the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation and (y) the members of the board of directors of the Company as of the time of the Board's approval of the execution of the initial agreement providing for such merger or consolidation continuing to represent a majority of the board of directors of the Company or such surviving entity (i.e., the ultimate parent entity if one exists) immediately after such merger or consolidation.

e. "Code" shall mean the Internal Revenue Code of 1986, as amended.

f. "Disability" means the disability of the Executive as defined in Section 409A(a)(2)(C) of the Code.

g. "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

h. "Good Reason" shall mean without the Executive's express written consent (i) a reduction in the Executive's Base Salary or Annual Bonus or aggregate compensation opportunity, as compared to such amounts in the prior calendar year (or during the first calendar year of the Employment Term as compared to 2023), other than, prior to a Change in Control, any reduction solely to Base Salary that is also applicable in a substantially similar manner and proportion to the other senior executives of the Company generally, that is not in excess of an aggregate 10%, (ii) a material adverse change in the Executive's title or position with the Company or the nature or scope of the Executive's duties during the Employment Term, as in place immediately following the execution of this Agreement, or the Executive no longer reports solely and directly to the President, (iii) a demand by the Company during the Employment Term, as defined in Section 1, that the Executive relocate outside of the location at which the Executive was primarily working at the time of such demand, or (iv) a material breach by the Company or its Affiliates of this Agreement or any material compensation agreement. In order to effectuate a resignation with Good Reason, the Executive must provide written notice to the Company of the existence of Good Reason no later than ninety (90) days after the Executive's knowledge of its initial existence, the Company shall have a period of thirty (30) days following its receipt of such written notice during which it may remedy in all material respects the Good Reason condition identified in such written notice. If the Company fails to remedy in all material respects such Good Reason condition, the Executive shall be permitted to terminate with Good Reason during the thirty (30) day period following the foregoing cure period.

i. "Qualifying Termination" shall mean a termination of the Executive's employment (a) by the Company without Cause, (b) by the Executive for Good Reason, or (c) due to death or Disability.

14. No Mitigation; Limited Offset. In no event shall the Executive be obligated to seek other employment or take other action by way of mitigation of the amounts payable to the Executive hereunder, and such amounts shall not be reduced regardless whether the Executive obtains other employment.

15. Reformation. Except as otherwise set forth in Section 11 of this Agreement, if any provision(s) of this Agreement shall be found invalid, illegal, or unenforceable, in whole or in part, then such provision(s) shall be deemed to be modified or restricted to the extent and in the manner necessary to render the same valid and enforceable or shall be deemed excised from this Agreement, as the case may require, and this Agreement shall be construed and enforced to the maximum extent permitted by law, as if such provision(s) had been originally incorporated herein as so modified or restricted or as if such provision(s) had not been originally incorporated herein, as the case may be.

16. Governing Law; Venue for Disputes. This Agreement shall be governed under the internal laws of the State of Missouri, without regard to its conflict of law principles. The Executive agrees that, except as otherwise set forth in Section 12 above, the exclusive venue and jurisdiction for any litigation concerning the enforcement or enforceability of the terms of this Agreement, or for any litigation that in any way arises out of this Agreement or the Executive's employment with the Company or any Affiliate, shall be the St. Louis County Circuit Court, in the State of Missouri or, if the federal court has subject matter jurisdiction (and at the option of the party pursuing the claim), in the United States District Court for the Eastern District of Missouri, and the Executive hereby: (a) submits to the personal jurisdiction of such courts; (b)

consents to the service of process in connection with any action, suit, or proceeding against the Executive; and (c) waives any other requirement (whether imposed by statute, rule of court, or otherwise) with respect to personal jurisdiction, venue or service of process.

17. Conflict. If any provision of this Agreement conflicts with any other agreement, policy, plan, practice or other the Company document, then the provisions of this Agreement shall control. This Agreement shall supersede any prior agreement, including any Executive Severance and Change in Control Agreement, between the Executive and the Company with respect to the subject matter contained herein and may be amended only by a writing signed by an officer of the Company and the Executive.

18. Code Section 409A. To the extent applicable, it is intended that the payment of the benefits, severance, incentive compensation and/or equity compensation provided under this Agreement shall comply with or be exempt from the provisions of Section 409A of the Code, and this Agreement shall be construed and applied in a manner consistent with this intent. In the event any payment or benefit under this Agreement is determined by the Company to be in the nature of deferred compensation, the Company and the Executive hereby agree to take such actions, not otherwise provided herein, as may be mutually agreed between the parties to ensure that such payments remain exempt from or in compliance with the applicable provisions of Section 409A of the Code and the Treasury Regulations thereunder. Notwithstanding any provision of this Agreement to the contrary, if the Executive is a "specified employee" within the meaning of Section 409A, any payments due upon a termination of the Executive's employment under any arrangement that constitutes a "deferral of compensation" within the meaning of Section 409A and which does not otherwise qualify under the exemptions under Treasury Regulation Section 1.409A-1 (including without limitation, the short-term deferral exemption or the permitted payments under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A)), shall be delayed and paid or provided on the earlier of (i) the date which is six months after the Executive's "separation from service" (as such term is defined in Section 409A and the Regulations and the other published guidance thereunder) for any reason other than death, and (ii) the date of the Executive's death. To the extent that any payment or benefit under this Agreement is modified by reason of this Section 19, it shall be modified in a manner that complies with Section 409A and preserves to the maximum possible extent the economic costs or value thereof (as applies) to the respective parties (determined on a pre-tax basis).

19. Withholding. The Company shall have the right to withhold from any amount payable hereunder any Federal, state, and local taxes in order that the Company satisfies any required withholding tax obligation it may have under any applicable law or regulation.

20. Assignment. This Agreement shall be binding upon and inure to the benefit of the Company and any successor or assign of the Company, including (without limitation) any corporation or other entity that may acquire all or substantially all of the assets of the Company, or with or into which the Company may be merged or consolidated, and any such successor or assign shall be deemed substituted for Employer under the provisions hereof; provided, that, if the Company assigns this Agreement to an Affiliate it shall remain secondarily liable . The Executive further hereby consents to the assignment of this Agreement by the Company and waives any assertion or claim that the Executive's contemporaneous consent for such an assignment is needed for the assignment to be effective. The Executive shall not be permitted to assign the Executive's rights or obligations under this Agreement.

21. Third-Party Beneficiaries. The Executive acknowledges and agrees that, if the Executive provides any material services to, or receives any material confidential information concerning, any Affiliate of the Company, such other Affiliate(s) of the Company shall be deemed a third-party beneficiary of the Executive's obligations under Section 11(a) of this Agreement and shall

be permitted to enforce Section 11(a) of this Agreement against the Executive as if such Affiliate(s) were the Company hereunder.

22. Entire Agreement. Except as otherwise referenced herein, this Agreement constitutes the entire agreement of the parties and is the complete, final, and exclusive embodiment of their agreement with regard to this subject matter, and will supersede all prior agreements, understandings, discussions, negotiations and undertakings, whether written or oral, between the parties with respect to the subject matter hereof, including (i) the employment agreement, dated December 3, 2019, by and between Magellan Health Inc. and the Executive, and (ii) the Letter Agreement. No modification, amendment, or waiver of any of the provisions of this Agreement shall be effective or binding unless set forth in a writing signed by the parties hereto and specifically referring to this Agreement. Unless otherwise specifically agreed by the Executive and the Company in writing following the date hereof, the definitions of Cause, Good Reason and Disability set forth herein shall replace the definitions of those terms applicable to the Executive in any other agreement between the Company and the Executive or any Company plan applicable to the Executive and the restrictive covenants set forth in Section 11 herein shall replace the restrictive covenants applicable to the Executive with respect to any Company equity award or other plan or agreement.

23. Counterparts. This Agreement may be executed in one or more counterparts, which together shall constitute a valid and binding agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, the Executive and the Company, by its duly authorized representatives, have executed this Agreement effective as of the date set forth below.

EXECUTIVE	CENTENE CORPORATION
/s/ James E. Murray	By: /s/ Sarah M. London
James E. Murray	Name: Sarah M. London Title: Chief Executive Officer
February 20, 2023	February 20, 2023
Date	Date

EXHIBIT A

FORM OF GENERAL RELEASE OF ALL CLAIMS

THIS GENERAL RELEASE OF ALL CLAIMS (this "General Release"), dated as of _____, is made by and between James E. Murray ("Executive") and Centene Corporation (together with its successors and assigns, the "Company").

WHEREAS, the Company and Executive are parties to that certain Employment Agreement, dated as of [DATE] (the "Employment Agreement");

WHEREAS, Executive's employment with the Company has been terminated and Executive is entitled to receive severance and other benefits, as set forth in Section 5 of the Employment Agreement subject to the execution of this General Release;

WHEREAS, in consideration for Executive's signing of this General Release, the Company will provide Executive with such severance and benefits pursuant to the Employment Agreement; and

WHEREAS, except as otherwise expressly set forth herein, the parties hereto intend that this General Release shall effect a full satisfaction and release of the obligations described herein owed to Executive by the Company.

NOW, THEREFORE, in consideration of the premises, the mutual covenants of the parties hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby covenant and agree as follows:

1. Executive, for Executive, Executive's spouse, heirs, administrators, children, representatives, executors, successors, assigns, and all other individuals and entities claiming through Executive, if any (collectively, the "Executive Releasers"), does hereby release, waive, and forever discharge the Company and each of its respective agents, subsidiaries, parents, affiliates, related organizations, employees, officers, directors, attorneys, successors, and assigns in their capacities as such (collectively, the "Employer Releasees") from, and does fully waive any obligations of Employer Releasees to Executive Releasers for, any and all liability, actions, charges, causes of action, demands, damages, or claims for relief, remuneration, sums of money, accounts or expenses (including attorneys' fees and costs) of any kind whatsoever, whether known or unknown or contingent or absolute, which heretofore has been or which hereafter may be suffered or sustained, directly or indirectly, by Executive Releasers in consequence of, arising out of, or in any way relating to: (a) Executive's employment with the Company; (b) the termination of Executive's employment with the Company; (c) the Employment Agreement; or (d) any events relating to Executive's employment occurring on or prior to the date of this General Release. The foregoing release, discharge and waiver includes, but is not limited to, all waivable claims and any obligations or causes of action arising from such claims, under common law including wrongful or retaliatory discharge, breach of contract (including but not limited to any claims under the Employment Agreement other than claims for unpaid severance benefits, bonus or salary earned thereunder) and any action arising in tort including libel, slander, defamation or intentional infliction of emotional distress, and claims under any federal, state or local statute including the Age Discrimination in Employment Act ("ADEA"), Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1866 and 1871 (42 U.S.C. § 1981), the National Labor Relations Act, the Fair Labor Standards Act, the Employee Retirement Income Security Act, the Americans with Disabilities Act of 1990, the Rehabilitation Act of 1973, or the discrimination or employment laws of any state or municipality, and/or any claims under any express or implied contract which Executive Releasers may claim existed with Employer

Releasees. This also includes a release of any claims for wrongful discharge and all other claims for alleged physical or personal injury, emotional distress relating to or arising out of Executive's employment with the Company or any of its subsidiaries or affiliates or the termination of that employment; and any claims under the WARN Act or any similar law, which requires, among other things, that advance notice be given of certain work force reductions. Notwithstanding anything contained in this Section 1 above to the contrary, nothing contained in herein shall constitute a release by any Executive Releaser of any of his, her or its rights or remedies available to him, her or it, at law or in equity, related to, on account of, in connection with or in any way pertaining to the enforcement of: (i) any right to indemnification, advancement of legal fees or directors and officers liability insurance coverage existing under the constituent documents of the Company or applicable state corporate, limited liability company and partnership statutes or pursuant to any agreement, plan or arrangement; (ii) any rights to the receipt of health, welfare or qualified retirement benefits which vested on or prior to the date of this General Release; (iii) the right to continuation coverage pursuant to the Consolidated Omnibus Budget Reconciliation Act; (iv) the right to receive worker's compensation, or (v) this General Release or any of its terms or conditions.

2. Excluded from this General Release and waiver are any claims which cannot be waived by applicable law, including but not limited to the right to participate in an investigation conducted by certain government agencies. Executive does, however, waive Executive's right to any monetary recovery should any government agency (such as the Equal Employment Opportunity Commission) pursue any claims on Executive's behalf. Executive represents and warrants that Executive has not filed any complaint, charge, or lawsuit against the Employer Releasees with any government agency or any court.

3. Executive agrees never to seek personal recovery from any Employer Releasee in any forum for any claim covered by the above waiver and release language, except that Executive may bring a claim under the ADEA to challenge this General Release. If Executive violates this General Release by suing an Employer Releasee, then Executive shall be liable to the Employer Releasee so sued for such Employer Releasee's reasonable attorneys' fees and other litigation costs incurred in defending against such a suit; *except that* to the extent such suit includes claims under the ADEA or other claims that are excluded from the release set forth in Section 1 hereof, the Executive shall not be liable for paying for the attorneys' fees and costs associated with such ADEA or other excluded claims. Nothing in this General Release is intended to reflect any party's belief that Executive's waiver of claims under ADEA is invalid or unenforceable, it being the intent of the parties that such claims are waived.

4. Each party agrees that neither this General Release, nor the furnishing of the consideration for this General Release, shall be deemed or construed at any time to be an admission by any party of any improper or unlawful conduct.

5. Each party acknowledges and recites that he or it has:

i. executed this General Release knowingly and voluntarily;

ii. had a reasonable opportunity to consider this General Release;

iii. read and understands this General Release in its entirety;

iv. been advised and directed orally and in writing (and this subparagraph (d) constitutes such written direction) to seek legal counsel and any other advice such party wishes with respect to the terms of this General Release before executing it; and

v. relied solely on such party's own judgment, belief and knowledge, and such advice as such party may have received from such party's legal counsel.

6. Section 12 of the Employment Agreement, which shall survive the expiration of the Employment Agreement for this purpose, shall apply to any dispute with regard to this General Release.

7. Executive acknowledges and agrees that (a) Executive's execution of this General Release has not been forced by any employee or agent of the Company, and Executive has had an opportunity to negotiate the terms of this General Release; and (b) Executive has been offered twenty-one (21) calendar days after receipt of this General Release to consider its terms before executing it. Executive shall have seven (7) calendar days from the date he executes this General Release to revoke Executive's waiver of any ADEA claims by providing written notice of the revocation to the Company. Such notice shall not be effective unless it is received by the Company within such seven-day period, and provided by the Executive (i) by personal delivery to the CEO or such other individual as may be identified by the Company at the time of Executive's termination, or (ii) by FedEx or other nationally recognized overnight delivery service, or by first class mail with charges or postage prepaid and return receipt requested, in each case properly addressed to the Company at its principal office, or (iii) by such other method as may be designated by the Company at the time of Executive's termination (for example, DocuSign or pdf attachment to email).

8. Capitalized terms used but not defined in this General Release have the meanings ascribed to such terms in the Employment Agreement.

9. This General Release may be executed by the parties in one or more counterparts, each of which shall be an original and all of which shall together constitute one and the same instrument. Each counterpart may be delivered by facsimile transmission or e-mail (as a .pdf, .tif or similar un-editable attachment), which transmission shall be deemed delivery of an originally executed counterpart hereof.

IN WITNESS WHEREOF, the parties hereto have executed this General Release as of the day and year first above written.

CENTENE CORPORATION

By: _____
Name:
Title:

EXECUTIVE

By: _____
James E. Murray

CENTENE CORPORATION
EXECUTIVE OFFICER CASH SEVERANCE POLICY

Purpose

The purpose of this Policy is to limit the Cash Severance Benefits that Centene Corporation (the "Company") may pay to Executive Officers upon termination.

Definitions

For purposes of this Policy, the following definitions shall apply:

(a) "Base Salary" means the amount an Executive Officer is entitled to receive as wages or salary on an annualized basis, excluding all bonus, overtime, health additive and incentive compensation, payable by the Company as consideration for the Executive Officer's services.

(b) "Board" means the Centene Corporation Board of Directors.

(c) "Cash Severance Benefits" means the present value of cash payments: (i) in respect of the termination of the Executive Officer's employment; and (ii) to secure an agreement not to compete with the Company. For the avoidance of doubt, "Cash Severance Benefits" do not include (A) the payment, vesting, acceleration or other handling of long term incentive awards granted under the Company's stockholder-approved plans, (B) payment of deferred compensation, earned retirement benefits or other vested employee benefits, in each case consistent with normal practices, provided under the Company's retirement or employee benefit plans, (C) the provision of perquisites, insurance, disability, health and welfare plan coverage and other non-cash benefits generally available to similarly-situated employees, (D) any interest required to be paid pursuant to the terms of any Company plan or policy between the termination date and the payment date, (E) any unpaid bonus for any previously completed performance period required to by paid pursuant to the terms of any Company plan or policy, (F) accrued but unpaid Base Salary or vacation pay through the termination date and reimbursement for any expenses validly incurred prior to the termination date, (G) any payment in respect of the Executive Officer's Target Bonus for the year of termination (prorated based on the Executive Officer's days of service during the annual performance period), or (H) payments resulting from a determination made in good faith by the Board to enter into a reasonable settlement of a claim made against the Company by the Executive Officer.

(d) "Committee" means the Compensation and Talent Committee of the Centene Corporation Board of Directors.

(e) "Executive Officer" means those persons who are designated by the Board as "executive officers" for purposes of Rule 3b-7 under the Exchange Act.

(f) “Target Bonus” means the Executive Officer’s target bonus under the Company’s annual incentive plan applicable to the Executive Officer for the year of termination, provided that if no target bonus has been established for such year under such plan, the year immediately preceding the year of termination.

Limitation on Severance Benefits

The Company will not enter into any new employment agreement, or severance agreement with any Executive Officer of the Company or establish any new severance plan or policy covering any Executive Officer of the Company, in each case that provides for Cash Severance Benefits in an amount that exceeds 2.99 times the sum of the Executive Officer’s Base Salary plus the greater of Target Bonus or the average of the Executive Officer’s two most recent annual bonuses, without seeking stockholder ratification of such agreement, plan or policy.

For purposes of this Policy, the present value of any Cash Severance Benefits shall be calculated using the applicable methodology set forth in Sections 280G and 4999 (or any successor provisions) of the U.S. Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

Other

The Board shall make all determinations regarding the application and operation of this Policy in its sole discretion, taking into account the recommendation of the Committee, and all such determinations shall be final and binding. Further, the exercise by the Board of any rights pursuant to this Policy shall be without prejudice to any other rights that the Company, the Board, or the Committee may have with respect to any Executive Officer subject to this policy.

EXHIBIT 21

List of Subsidiaries

ABC Network & Collaborative Health Systems Joint Venture, LLC, an Arizona LLC
Absolute Total Care, Inc, a South Carolina corporation
AcariaHealth Pharmacy #11, Inc, a Texas corporation
AcariaHealth Pharmacy #12, Inc, a New York corporation
AcariaHealth Pharmacy #13, Inc, a California corporation
AcariaHealth Pharmacy #14, Inc, a California corporation
AcariaHealth Pharmacy #26, Inc, a Delaware corporation
AcariaHealth Pharmacy, Inc, a California corporation
AcariaHealth Solutions, Inc., a Delaware corporation
AcariaHealth, Inc., a Delaware corporation
Access Medical Acquisition, LLC, a Delaware LLC
Access Medical Group of Florida City, LLC, a Florida LLC
Access Medical Group of Hialeah, LLC, a Florida LLC
Access Medical Group of Kendall, LLC, a Florida LLC
Access Medical Group of Lakeland, LLC, a Florida LLC
Access Medical Group of Lauderdale Lakes, LLC, a Florida LLC
Access Medical Group of Margate, LLC, a Florida LLC
Access Medical Group of Miami, LLC, a Florida LLC
Access Medical Group of North Miami Beach, LLC, a Florida LLC
Access Medical Group of Opa-Locka, LLC, a Florida LLC
Access Medical Group of Pembroke Pines, LLC, a Florida LLC
Access Medical Group of Perrine, LLC, a Florida LLC
Access Medical Group of Riverview, LLC, a Florida LLC
Access Medical Group of Tampa II, LLC, a Florida LLC
Access Medical Group of Tampa III, LLC, a Florida LLC
Access Medical Group of Tampa, LLC, a Florida LLC
Access Medical Group of Westchester, LLC, a Florida LLC
Accountable Care Coalition Direct Contracting, LLC, a Florida LLC
Accountable Care Coalition of Community Health Centers II, LLC, a Texas LLC
Accountable Care Coalition of Elite Providers II, LLC, a Delaware LLC
Accountable Care Coalition of Elite Providers, III, LLC, a Delaware LLC
Accountable Care Coalition of Elite Providers IV, LLC, a Delaware LLC
Accountable Care Coalition of Elite Providers IX, LLC, an Illinois LLC
Accountable Care Coalition of Elite Providers LLC, a Hawaii LLC
Accountable Care Coalition of Elite Providers VII, LLC, an Arizona LLC
Accountable Care Coalition of Elite Providers VIII, LLC, an Illinois LLC
Accountable Care Coalition of Elite Providers X, LLC, an Illinois LLC
Accountable Care Coalition of Elite Providers XI, LLC, an Illinois LLC
Accountable Care Coalition of Georgia, LLC, a Georgia LLC
Accountable Care Coalition of Maryland, LLC, a Maryland LLC
Accountable Care Coalition of Northeast Georgia, LLC, a Georgia LLC
Accountable Care Coalition of Northeast Partners, LLC, a Pennsylvania LLC
Accountable Care Coalition of Northwest Florida, LLC, a Florida LLC
Accountable Care Coalition of Prime Health, LLC, an Oregon LLC
Accountable Care Coalition of Quality Health II, LLC, a Delaware LLC
Accountable Care Coalition of Quality Health III, LLC, a Delaware LLC

Accountable Care Coalition of Quality Health, LLC, an Oregon LLC
Accountable Care Coalition of Southeast Partners, LLC, a Georgia LLC
Accountable Care Coalition of Southeast Physician Partners, LLC, a South Carolina LLC
Accountable Care Coalition of Southeast Texas, Inc., a Texas corporation
Accountable Care Coalition of Southeast Wisconsin, LLC, a Wisconsin LLC
Accountable Care Coalition of Tennessee, LLC, a Tennessee LLC
Accountable Care Coalition of Texas, Inc., a Texas corporation
Agate Resources, Inc., an Oregon corporation
Ambetter of Magnolia, Inc, a Mississippi corporation
Ambetter of North Carolina, Inc., a North Carolina corporation
Ambetter of Peach State Inc., a Georgia corporation
American Progressive Life and Health Insurance Company of New York, a New York corporation
America's 1st Choice California Holdings, LLC, a Florida corporation
Apixio, Inc, a Delaware corporation
Arizona Biodyne, Inc., an Arizona corporation
Arkansas Health & Wellness Health Plan, Inc., an Arkansas corporation
Arkansas Total Care Holding Company, LLC, a Delaware LLC
Arkansas Total Care, Inc., an Arkansas corporation
Armed Forces Services Corporation, a Virginia corporation
AT Learning Limited, an English and Welsh private company
AT Medics Holdings LLP, an English and Welsh LLP
AT Medics Limited, an English and Welsh private company
AT Technology (Private) Limited, a Pakistan private company
AT Technology Services Limited, an English and Welsh private company
Aurelia Health, LLC, an Arizona corporation
Bankers Reserve Life Insurance Company of Wisconsin, a Wisconsin corporation
Bishopswood SPV Limited, an English and Welsh private company
BMI Imaging Clinic Limited, an English and Welsh private company
BMI Southend Private Hospital Limited, an English and Welsh private company
BMI Syon Clinic Limited, an English and Welsh private company
Bridgeway Health Solutions of Arizona, Inc., an Arizona corporation
Bridgeway Health Solutions, LLC, a Delaware LLC
Buckeye Community Health Plan, Inc, an Ohio corporation
Buckeye Health Plan Community Solutions, Inc., an Ohio corporation
California Health and Wellness Plan, a California corporation
Cantina Laredo Clayton, LP, a Delaware limited partnership
Care 1st Health Plan Administrative Services, Inc., an Arizona corporation
Care 1st Health Plan of Arizona, Inc., an Arizona corporation
Carolina Complete Health Holding Company Partnership, a Delaware partnership
Carolina Complete Health, Inc., a North Carolina corporation
CCTX Holdings, LLC, a Texas LLC
CEF Holding Company Limited, a limited liability Malta company
Celtic Group, Inc, a Delaware corporation
Celtic Insurance Company, an Illinois corporation
CeltiCare Health Plan Holdings LLC, a Delaware LLC
CeltiCare Health Plan of Massachusetts, Inc., a Massachusetts corporation
Cenpatico Behavioral Health, LLC, a California LLC
Centene Center I, LLC, a Delaware LLC
Centene Center II, LLC, a Delaware LLC

Centene Center LLC, a Delaware LLC
Centene Company of Texas, LP, a Texas limited partnership
Centene Europe Finance Company Limited, a limited liability Malta company
Centene Health Plan Holdings, Inc., a Delaware corporation
Centene Institute for Advanced Health Education, LLC, a Delaware LLC
Centene International Financing Company Limited, a limited liability Malta company
Centene International Ventures, LLC, a Delaware LLC
Centene Management Company LLC, a Wisconsin LLC
Centene Pharmacy Services, Inc., a Delaware corporation
Centene Venture Company Alabama Health Plan, Inc., an Alabama corporation
Centene Venture Company Florida, Inc., a Florida corporation
Centene Venture Company Illinois, Inc., an Illinois corporation
Centene Venture Company Indiana, Inc., an Indiana corporation
Centene Venture Company Kansas, Inc., a Kansas corporation
Centene Venture Company Michigan, Inc., a Michigan corporation
Centene Venture Company Tennessee, Inc., a Tennessee corporation
Centene Venture Insurance Company Texas, Inc., a Texas corporation
Centurion Detention Health Services, LLC, a Delaware LLC
Centurion LLC, a Delaware LLC
Centurion of Delaware, LLC, a Delaware LLC
Centurion of Florida, LLC, a Florida LLC
Centurion of Idaho, LLC, an Idaho LLC
Centurion of Indiana, LLC, an Indiana LLC
Centurion of Kansas, LLC, a Kansas LLC
Centurion of Minnesota, LLC, a Minnesota LLC
Centurion of Missouri, LLC, a Missouri LLC
Centurion of New Hampshire, LLC, a Delaware LLC
Centurion of Pennsylvania, LLC, a Pennsylvania LLC
Centurion of Tennessee, LLC, a Tennessee LLC
Centurion of West Virginia, LLC, a West Virginia LLC
Centurion of Wyoming, LLC, a Wyoming LLC
CHG Management Services Limited, an English and Welsh private company
Circle Birmingham Limited, an English and Welsh private company
Circle Clinical Services Limited, an English and Welsh private company
Circle Decontamination Limited, an English and Welsh private company
Circle Harmony Health Limited, an English and Welsh private company
Circle Harmony Health Limited, a Hong Kong private company
Circle Health 1 Limited, an English and Welsh private company
Circle Health 2 Limited, an English and Welsh private company
Circle Health 3 Limited, an English and Welsh private company
Circle Health 4 Limited, an English and Welsh private company
Circle Health Group Limited, an English and Welsh private company
Circle Health Holdings Limited, an English and Welsh private company
Circle Health MyWay Limited, an English and Welsh private company
Circle Holdings Limited, a Jersey private company
Circle Hospital (Reading) Limited, an English and Welsh private company
Circle International PLC, an English and Welsh PLC
Circle Nottingham Limited, an English and Welsh private company
Circle Rehabilitation Services, an English and Welsh private company

CMC Real Estate Company, LLC, a Delaware LLC
Cobalt Therapeutics, LLC, a Delaware LLC
Collaborative Choice Healthcare Accountable Care, LLC, a Delaware LLC
Collaborative Choice Healthcare, LLC, a Delaware LLC
Collaborative Health Systems IPA, LLC, a Florida LLC
Collaborative Health Systems, LLC, a New York LLC
Collaborative Health Systems of Maryland, LLC, a Maryland LLC
Collaborative Health Systems of New Mexico, LLC, a New Mexico LLC
Collaborative Health Systems of Virginia, LLC, a Virginia LLC
Community Medical Holdings Corp, a Delaware corporation
Comprehensive Health Management, LLC, a Florida LLC
Continiuum Behavioral Care, LLC, a Rhode Island LLC
Coordinated Care Corporation, an Indiana corporation
Coordinated Care of Washington, Inc, a Washington corporation
Delaware First Health Complete, Inc., a Delaware corporation
Delaware First Health, Inc., a Delaware corporation
District Community Care Inc., a Washington D.C. corporation
Envolve Benefits Options, Inc., a Delaware corporation
Envolve Dental, Inc., a Delaware corporation
Envolve Dental IPA of New York, Inc., a New York corporation
Envolve Dental of Florida, Inc., a Florida corporation
Envolve Dental of Texas, Inc., a Texas corporation
Envolve Holdings, LLC, a Delaware LLC
Envolve, Inc., a Delaware corporation
Envolve Optical, Inc. a Delaware corporation
Envolve PeopleCare, Inc., a Delaware corporation
Envolve Pharmacy IPA, LLC, a New York LLC
Envolve Total Vision, Inc., a Delaware corporation
Envolve Vision Benefits, Inc., a Delaware corporation
Envolve Vision, Inc., a Delaware corporation
Envolve Vision IPA of New York, Inc., a New York corporation
Envolve Vision of Florida, Inc., a Florida corporation
Envolve Vision of Texas, Inc., a Texas corporation
Essential Care Partners, LLC, a Texas LLC
Forensic Health Services, LLC, a Delaware LLC
Foundation Care, LLC, a Missouri LLC
General Healthcare Group Limited, an English and Welsh private company
General Healthcare Holdings 2 Limited, an English and Welsh private company
General Healthcare Holdings 3 Limited, an English and Welsh private company
Generale de Sante International Limited, an English and Welsh private company
GHG (DB) Pension Trustees, an English and Welsh private company
GHG Healthcare Holdings Limited, an English and Welsh private company
GHG Intermediate Holdings Limited, an English and Welsh private company
GHG Leasing Limited, an English and Welsh private company
GHG Mount Alvernia Hospital Limited, an English and Welsh private company
Golden Triangle Physician Alliance, a Texas not-for-profit corporation
Granite State Health Plan, Inc, a New Hampshire corporation
Hallmark Life Insurance Co, an Arizona corporation
Harmony Health Management, Inc., a New Jersey corporation

Harmony Health Plan, Inc., an Illinois corporation
Harmony Health Systems Inc., a New Jersey corporation
Health Care Enterprises, LLC, a Delaware LLC
Health Net Access, Inc., an Arizona corporation
Health Net Community Solutions, Inc., a California corporation
Health Net Community Solutions of Arizona, Inc., an Arizona corporation
Health Net Federal Services, LLC, a Delaware LLC
Health Net Health Plan of Oregon, Inc., an Oregon corporation
Health Net Life Insurance Company, a California corporation
Health Net Life Reinsurance Company, a Cayman Islands corporation
Health Net, LLC, a Delaware LLC
Health Net of Arizona, Inc., an Arizona corporation
Health Net of California, Inc., a California corporation
Health Plan Real Estate Holdings, Inc., a Missouri corporation
HealthPeaksMD, LLC, a Delaware LLC
HealthSmart Benefit Solutions, Inc., an Illinois corporation
HealthSmart Benefits Management, LLC, a Texas LLC
HealthSmart Care Management Solutions, LP, a Texas partnership
HealthSmart Information Systems, Inc., a Texas corporation
HealthSmart Preferred Care II, LP, a Texas partnership
HealthSmart Preferred Network II, Inc, a Delaware corporation
HealthSmart Primary Care Clinics, LP, a Texas partnership
HealthSmart Rx Solutions, Inc., an Ohio corporation
Healthy Louisiana Holdings LLC, a Delaware LLC
Healthy Missouri Holdings, Inc, a Missouri corporation
Healthy Washington Holdings, Inc, a Delaware corporation
Heritage Health Systems, Inc., a Texas corporation
Heritage Health Systems of Texas, Inc., a Texas corporation
Heritage Physician Networks, a Texas not-for-profit corporation
HHS Texas Management, Inc., a Texas corporation
HHS Texas Management, LP, a Texas limited partnership
HLM Strategic Investment Fund, L.P., a Delaware limited partnership
Home State Health Plan, Inc, a Missouri corporation
HomeScripts.com, LLC, a Michigan LLC
Human Affairs International of California, a California corporation
Illinois Health Practice Alliance, LLC, a Delaware corporation
Integrated Mental Health Services, a Texas corporation
Interpreta Holdings, Inc., a Delaware corporation
Interpreta, Inc., a Delaware corporation
Iowa Total Care, Inc, an Iowa corporation
Justin M. Bayless and Associates, LLC, an Arizona LLC
LifeShare Management Group, LLC, a New Hampshire LLC
Louisiana Healthcare Connections, Inc, a Louisiana corporation
Magellan Behavioral Care of Iowa, Inc., an Iowa corporation
Magellan Behavioral Health of Florida, Inc., a Florida corporation
Magellan Behavioral Health of New Jersey, LLC, a New Jersey LLC
Magellan Behavioral Health of Pennsylvania, Inc., a Pennsylvania corporation
Magellan Behavioral Health Systems, LLC, a Utah LLC
Magellan Behavioral of Michigan, Inc., a Michigan corporation

Magellan Capital, LLC, a Nevada LLC
Magellan Complete Care of Louisiana, Inc., a Louisiana corporation
Magellan Complete Care of Pennsylvania, Inc., a Pennsylvania corporation
Magellan Financial Capital, LLC, a Delaware LLC
Magellan Health QI0, LLC, a Nebraska LLC
Magellan Health Services of Arizona, Inc., an Arizona corporation
Magellan Health Services of California, Inc. - Employer Services, a California corporation
Magellan Health Services of New Mexico, Inc., a New Mexico corporation
Magellan Health, Inc, a Delaware corporation
Magellan Healthcare Provider Group, Inc., a Maryland corporation
Magellan Healthcare, Inc., a Delaware corporation
Magellan HRSC, Inc., an Ohio corporation
Magellan Life Insurance Company, a Delaware corporation
Magellan of Idaho, LLC, an Idaho LLC
Magellan of Maryland, LLC, a Maryland LLC
Magellan of Ohio, Inc., an Ohio corporation
Magellan Pharmacy Services, Inc., a Delaware corporation
Magellan Providers of Texas, Inc., a Texas corporation
Magnolia Health Plan, Inc, a Mississippi corporation
Magnolia Joint Venture Holding Company, Inc., a Delaware corporation
Managed Health Network, a California corporation
Managed Health Network, LLC, a Delaware LLC
Managed Health Services Insurance Corporation, a Wisconsin corporation
Maryland Collaborative Care Transformation Organization, Inc., a Delaware corporation
Mauli Ola Health and Wellness, Inc., a Hawaii corporation
MBC of North Carolina, LLC, a North Carolina LLC
Meriden Hospital Advanced Imaging Centre Ltd., an English and Welsh private company
Meridian Health Plan of Illinois, Inc., an Illinois corporation
Meridian Health Plan of Michigan, Inc., a Michigan corporation
Meridian Management Company, LLC (a/k/a Meridian Administration Company, LLC), a Michigan LLC
Meridian Network Services, LLC, a Michigan LLC
MeridianRx IPA, LLC, a New York LLC
MeridianRx, LLC, a Michigan LLC
MeridianRx of Indiana, LLC, a Michigan LLC
Merit Behavioral Care Corporation, a Delaware corporation
MH Services International Holdings (UK) Limited, an English and Welsh private company
MHM Correctional Services, LLC, a Delaware LLC
MHM Health Professionals, LLC, a Delaware LLC
MHM Services, Inc., a Delaware corporation
MHM Services of California, LLC, a California LLC
MHM Solutions, LLC, a Delaware LLC
MHN Government Services LLC, a Delaware LLC
MHN Services, LLC, a California LLC
MHS Consulting, International, Inc, a Delaware corporation
MHS Travel & Charter, Inc, a Wisconsin corporation
Michael B. Bayless and Associates, LLC, an Arizona LLC
Mid-Atlantic Collaborative Care, LLC, a Maryland LLC
Mount Alvernia PET CT Limited, an English and Welsh private company
National Imaging Associates, Inc., a Delaware corporation

Nations Healthcare Limited, an English and Welsh private company
Nebraska Total Care, Inc., a Nebraska corporation
Network Providers, LLC, a Delaware LLC
New York Quality Healthcare Corporation, a New York corporation
Next Door Neighbors, Inc., a Delaware corporation
Next Door Neighbors, LLC., a Delaware LLC
NIA IPA of New York, Inc., a New York corporation
North West Cancer Clinic Limited, an English and Welsh private company
Novasys Health, Inc, a Delaware corporation
Ohana Health Plan, Inc., a Hawaii corporation
Oklahoma Complete Health Holding Company, LLC, a Delaware LLC
Oklahoma Complete Health Inc., an Oklahoma corporation
One Care by Care 1st Health Plans of Arizona, Inc., an Arizona corporation
Operose Health (Group) Limited, an English and Welsh private company
Operose Health (Group) UK Limited, an English and Welsh private company
Operose Health Limited, an English and Welsh private company
P.P.C., Inc., a Missouri corporation
Parker LP, LLC, a Nevada LLC
Peach State Health Plan, Inc, a Georgia corporation
Penn Marketing America, LLC, a Delaware LLC
Pennsylvania Health and Wellness, Inc., a Pennsylvania corporation
PPC Group, Inc., a Delaware corporation
Premier Marketing Group, LLC, a Delaware LLC
Primary Care Partners Limited, an English and Welsh private company
QCA Healthplan, Inc., an Arkansas corporation
Qualchoice Life and Health Insurance Company, an Arkansas company
Quincy Coverage Corporation, a New York corporation
Rhythm Health Tennessee, Inc., a Tennessee corporation
RI Health & Wellness, Inc., a Rhode Island corporation
Runnymeade SPV Limited, an English and Welsh private company
Rural Community Health Services Accountable Care, LLC, a Delaware LLC
Rural Community HealthServices, LLC, a Delaware LLC
Salus Administrative Services, Inc., a New York corporation
Salus IPA, LLC, a New York LLC
SelectCare of Texas, Inc., a Texas corporation
Shanghai Circle Harmony Hospital Management, a Chinese private company
SilverSummit Healthplan, Inc., a Nevada corporation
Skylight & Collaborative Health Systems Joint Venture IPA, LLC, a Florida LLC
Skylight Joint Venture, LLC, a Florida LLC
Social Health Bridge Trust, a Delaware trust
Social Health Bridge, LLC, a Delaware LLC
Specialty Therapeutic Care Holdings, LLC, a Delaware LLC
Specialty Therapeutic Care, GP, LLC, a Texas LLC
Specialty Therapeutic Care, LP, a Texas limited partnership
State of Franklin Collaborative Care, LLC, a Tennessee LLC
Sunflower State Health Plan, Inc, a Kansas corporation
Sunshine Health Community Solutions, Inc., a Florida corporation
Sunshine Health Holding LLC, a Florida LLC
Sunshine State Health Plan, Inc, a Florida corporation

Superior Health Management Advisors, LLC
Superior HealthPlan, Inc, a Texas corporation
The Pavilion Clinic Ltd, an English and Welsh private company
The Practice Properties Limited, an English and Welsh private company
The WellCare Management Group, Inc., a New York corporation
Three Shires Hospital LP, an English and Welsh limited partnership
TKH Holding Ltd., an English and Welsh private company
Transplant Health Solutions IPA, Inc., a New York corporation
Trillium Community Health Plan, Inc., an Oregon corporation
U.S. IPA Providers, Inc., a New York corporation
UAM Agent Services Corp., an Iowa corporation
Universal American Corp., a Delaware corporation
Universal American Financial Services, Inc., a Delaware corporation
Universal American Holdings, LLC, a Delaware LLC
WCG Health Management, Inc., a Delaware corporation
WellCare Health Insurance Company of America, an Arkansas corporation
WellCare Health Insurance Company of Kentucky, Inc., a Kentucky corporation
WellCare Health Insurance Company of Louisiana, Inc., a Louisiana corporation
WellCare Health Insurance Company of Nevada, Inc., a Nevada corporation
WellCare Health Insurance Company of New Hampshire, Inc., a New Hampshire corporation
WellCare Health Insurance Company of New Jersey, Inc., a New Jersey corporation
WellCare Health Insurance Company of Oklahoma, Inc., an Oklahoma corporation
WellCare Health Insurance Company of Washington, Inc., a Washington corporation
WellCare Health Insurance of Arizona, Inc., an Arizona corporation
WellCare Health Insurance of Connecticut, Inc., a Connecticut corporation
WellCare Health Insurance of Hawaii, Inc., a Hawaii corporation
WellCare Health Insurance of New York, Inc., a New York corporation
WellCare Health Insurance of North Carolina, Inc., a North Carolina corporation
WellCare Health Insurance of Southwest, Inc., an Arizona corporation
WellCare Health Insurance of Tennessee, Inc., a Tennessee corporation
WellCare Health Plans, Inc., a Delaware corporation
WellCare Health Plans of Kentucky, Inc., a Kentucky corporation
WellCare Health Plans of Massachusetts, Inc, a Massachusetts corporation
WellCare Health Plans of Missouri, Inc., a Missouri corporation
WellCare Health Plans of New Jersey, Inc., a New Jersey corporation
WellCare Health Plans of Rhode Island, Inc., a Rhode Island corporation
WellCare Health Plans of Vermont, Inc., a Vermont corporation
WellCare National Health Insurance Company, a Texas corporation
WellCare of Alabama, Inc., an Alabama corporation
WellCare of California, Inc., a California corporation
WellCare of Connecticut, Inc., a Connecticut corporation
WellCare of Georgia, Inc., a Georgia corporation
WellCare of Illinois, Inc., an Illinois corporation
WellCare of Indiana, Inc., an Indiana corporation
WellCare of Maine, Inc., a Maine corporation
WellCare of Michigan Holding Company, a Michigan corporation
WellCare of Mississippi, Inc., a Mississippi corporation
WellCare of Missouri Health Insurance Company, Inc., a Missouri corporation
WellCare of New Hampshire, Inc., a New Hampshire corporation

WellCare of North Carolina, Inc., a North Carolina corporation
WellCare of Oklahoma, Inc., an Oklahoma corporation
WellCare of Pennsylvania, Inc., a Pennsylvania corporation
WellCare of South Carolina, Inc., a South Carolina corporation
WellCare of Texas, Inc., a Texas corporation
WellCare of Virginia, Inc., a Virginia corporation
WellCare of Washington, Inc., a Washington corporation
WellCare Prescription Insurance, Inc., an Arizona corporation
Western Sky Community Care, Inc., a New Mexico corporation
Worlco Management Services, Inc., a New York corporation

EXHIBIT 23

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements Nos. 333-261993, 333-255735, 333-238597, 333-236036, 333-217634, 333-210376, 333-197737, 333-180976, 333-108467, and 333-90976 on Form S-8 and in the registration statement No. 333-238050 on Form S-3 of our reports dated February 21, 2023, with respect to the consolidated financial statements of Centene Corporation and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

St. Louis, Missouri
February 21, 2023

EXHIBIT 31.1

CERTIFICATION

I, Sarah M. London, certify that:

1. I have reviewed this Annual Report on Form 10-K of Centene Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 21, 2023

/s/ SARAH M. LONDON

Chief Executive Officer
(principal executive officer)

EXHIBIT 31.2

CERTIFICATION

I, Andrew L. Asher, certify that:

1. I have reviewed this Annual Report on Form 10-K of Centene Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Dated: February 21, 2023

/s/ ANDREW L. ASHER

Executive Vice President, Chief Financial Officer
(principal financial officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Centene Corporation (the Company) for the period ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the Report), the undersigned, Sarah M. London, Chief Executive Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 21, 2023

/s/ SARAH M. LONDON

Chief Executive Officer
(principal executive officer)

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Centene Corporation (the Company) for the period ended December 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the Report), the undersigned, Andrew L. Asher, Executive Vice President and Chief Financial Officer of the Company, hereby certifies, pursuant to 18 U.S.C. Section 1350, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 21, 2023

/s/ ANDREW L. ASHER

Executive Vice President, Chief Financial Officer
(principal financial officer)