

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2023

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**

(State or other jurisdiction of  
incorporation or organization)

**7700 Forsyth Boulevard**

**St. Louis, Missouri**

(Address of principal executive offices)

**42-1406317**

(I.R.S. Employer  
Identification Number)

**63105**

(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

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 (232.405 of this chapter) 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.

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 Exchange Act). Yes  No

As of April 21, 2023, the registrant had 548,769,258 shares of common stock outstanding.

**CENTENE CORPORATION**  
**QUARTERLY REPORT ON FORM 10-Q**  
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## 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 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations," and Part II, Item 1. "Legal Proceedings."

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;
- our ability to manage our information systems effectively;
- 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, or 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, other 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.

**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):

	<b>Three Months Ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
GAAP net earnings attributable to Centene	\$ 1,130	\$ 849
Amortization of acquired intangible assets	183	199
Acquisition and divestiture related expenses	23	97
Other adjustments <sup>(1)</sup>	(53)	2
Income tax effects of adjustments <sup>(2)</sup>	(114)	(67)
Adjusted net earnings	<u>\$ 1,169</u>	<u>\$ 1,080</u>
GAAP diluted earnings per share (EPS) attributable to Centene	\$ 2.04	\$ 1.44
Amortization of acquired intangible assets	0.33	0.34
Acquisition and divestiture related expenses	0.04	0.16
Other adjustments <sup>(1)</sup>	(0.09)	—
Income tax effects of adjustments <sup>(2)</sup>	(0.21)	(0.11)
Adjusted diluted EPS	<u>\$ 2.11</u>	<u>\$ 1.83</u>

<sup>(1)</sup> Other adjustments include the following pre-tax items:

2023:

(a) Magellan Specialty Health divestiture gain of \$79 million, or \$0.14 per share (\$0.12 after-tax) and real estate impairments of \$26 million, or \$0.05 per share (\$0.04 after-tax).

2022:

(b) Costs related to the PBM legal settlement of \$2 million, or \$0.00 per share (\$0.00 after-tax).

<sup>(2)</sup> The income tax effects of adjustments are based on the effective income tax rates applicable to each adjustment. In addition, the three months ended March 31, 2023, includes a one-time income tax benefit of \$69 million, or \$0.13 per share, resulting from the distribution of long-term stock awards to the estate of the Company's former CEO.

	<b>Three Months Ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
GAAP selling, general and administrative expenses	\$ 3,011	\$ 2,745
Less:		
Acquisition and divestiture related expenses	23	99
Costs related to the PBM legal settlement	—	2
Real estate optimization	6	—
Adjusted selling, general and administrative expenses	<u>\$ 2,982</u>	<u>\$ 2,644</u>

**PART I**  
**FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

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

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
	<u>(Unaudited)</u>	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 15,853	\$ 12,074
Premium and trade receivables	15,210	13,272
Short-term investments	2,135	2,321
Other current assets	1,811	2,461
Total current assets	35,009	30,128
Long-term investments	15,833	14,684
Restricted deposits	1,313	1,217
Property, software and equipment, net	2,478	2,432
Goodwill	18,836	18,812
Intangible assets, net	6,730	6,911
Other long-term assets	2,783	2,686
Total assets	<u>\$ 82,982</u>	<u>\$ 76,870</u>
<b>LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Medical claims liability	\$ 17,504	\$ 16,745
Accounts payable and accrued expenses	10,781	9,525
Return of premium payable	2,077	1,634
Unearned revenue	2,398	478
Current portion of long-term debt	97	82
Total current liabilities	32,857	28,464
Long-term debt	18,223	17,938
Deferred tax liability	522	615
Other long-term liabilities	6,194	5,616
Total liabilities	57,796	52,633
Commitments and contingencies		
Redeemable noncontrolling interests	20	56
Stockholders' equity:		
Preferred stock, \$0.001 par value; authorized 10,000 shares; no shares issued or outstanding at March 31, 2023 and December 31, 2022	—	—
Common stock, \$0.001 par value; authorized 800,000 shares; 614,355 issued and 551,714 outstanding at March 31, 2023, and 607,847 issued and 550,754 outstanding at December 31, 2022	1	1
Additional paid-in capital	20,121	20,060
Accumulated other comprehensive earnings (loss)	(915)	(1,132)
Retained earnings	10,471	9,341
Treasury stock, at cost (62,641 and 57,093 shares, respectively)	(4,636)	(4,213)
Total Centene stockholders' equity	25,042	24,057
Nonredeemable noncontrolling interest	124	124
Total stockholders' equity	25,166	24,181
Total liabilities, redeemable noncontrolling interests and stockholders' equity	<u>\$ 82,982</u>	<u>\$ 76,870</u>

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)  
(Unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Revenues:</b>		
Premium	\$ 33,825	\$ 31,889
Service	1,127	2,343
Premium and service revenues	34,952	34,232
Premium tax	3,937	2,953
<b>Total revenues</b>	<b>38,889</b>	<b>37,185</b>
<b>Expenses:</b>		
Medical costs	29,434	27,838
Cost of services	870	1,988
Selling, general and administrative expenses	3,011	2,745
Depreciation expense	142	156
Amortization of acquired intangible assets	183	199
Premium tax expense	4,011	3,006
Impairment	20	—
Total operating expenses	37,671	35,932
<b>Earnings from operations</b>	<b>1,218</b>	<b>1,253</b>
<b>Other income (expense):</b>		
Investment and other income	353	52
Debt extinguishment	—	3
Interest expense	(180)	(160)
<b>Earnings before income tax</b>	<b>1,391</b>	<b>1,148</b>
Income tax expense	261	296
<b>Net earnings</b>	<b>1,130</b>	<b>852</b>
(Earnings) loss attributable to noncontrolling interests	—	(3)
<b>Net earnings attributable to Centene Corporation</b>	<b>\$ 1,130</b>	<b>\$ 849</b>
<b>Net earnings per common share attributable to Centene Corporation:</b>		
Basic earnings per common share	\$ 2.05	\$ 1.46
Diluted earnings per common share	\$ 2.04	\$ 1.44
<b>Weighted average number of common shares outstanding:</b>		
Basic	550,779	583,230
Diluted	553,845	590,658

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)**  
**(Unaudited)**

	<b>Three Months Ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Net earnings	\$ 1,130	\$ 852
Change in unrealized gain (loss) on investments	253	(715)
Change in unrealized gain (loss) on investments, tax effect	(61)	171
Change in unrealized gain (loss) on investments, net of tax	192	(544)
Reclassification adjustment, net of tax	2	2
Foreign currency translation adjustments, net of tax	23	(20)
Other comprehensive earnings (loss)	217	(562)
Comprehensive earnings	1,347	290
Comprehensive (earnings) loss attributable to noncontrolling interests	—	(3)
Comprehensive earnings attributable to Centene Corporation	<u>\$ 1,347</u>	<u>\$ 287</u>

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)  
(Unaudited)  
**Three Months Ended March 31, 2023**

	Centene Stockholders' Equity									
	Common Stock			Additional Paid-in Capital	Accumulated Other Comprehensive Earnings (Loss)	Retained Earnings	Treasury Stock		Noncontrolling Interest	Total
	\$0.001 Par Value Shares	Amt	\$				\$0.001 Par Value Shares	Amt		
<b>Balance, December 31, 2022</b>	607,847	\$ 1	\$ 20,060	\$ (1,132)	\$ 9,341	57,093	\$ (4,213)	\$ 124	\$ 24,181	
Net earnings	—	—	—	—	1,130	—	—	—	1,130	
Other comprehensive earnings, net of \$61 tax	—	—	—	217	—	—	—	—	217	
Common stock issued for employee benefit plans	6,508	—	12	—	—	—	—	—	12	
Common stock repurchases	—	—	—	—	—	5,548	(423)	—	(423)	
Stock compensation expense	—	—	61	—	—	—	—	—	61	
Purchase of redeemable noncontrolling interest	—	—	(12)	—	—	—	—	—	(12)	
<b>Balance, March 31, 2023</b>	614,355	\$ 1	\$ 20,121	\$ (915)	\$ 10,471	62,641	\$ (4,636)	\$ 124	\$ 25,166	

**Three Months Ended March 31, 2022**

	Centene Stockholders' Equity									
	Common Stock			Additional Paid-in Capital	Accumulated Other Comprehensive Earnings (Loss)	Retained Earnings	Treasury Stock		Noncontrolling Interest	Total
	\$0.001 Par Value Shares	Amt	\$				\$0.001 Par Value Shares	Amt		
<b>Balance, December 31, 2021</b>	602,704	\$ 1	\$ 19,672	\$ 77	\$ 8,139	20,225	\$ (1,094)	\$ 145	\$ 26,940	
Net earnings (loss)	—	—	—	—	849	—	—	(1)	848	
Other comprehensive loss, net of \$(171) tax	—	—	—	(562)	—	—	—	—	(562)	
Common stock issued for employee benefit plans	3,221	—	28	—	—	—	—	—	28	
Fair value of unvested equity awards in connection with acquisition	—	—	60	—	—	—	—	—	60	
Common stock repurchases	—	—	—	—	—	846	(71)	—	(71)	
Stock compensation expense	—	—	70	—	—	—	—	—	70	
<b>Balance, March 31, 2022</b>	605,925	\$ 1	\$ 19,830	\$ (485)	\$ 8,988	21,071	\$ (1,165)	\$ 144	\$ 27,313	

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

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

	<b>Three Months Ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities:</b>		
Net earnings	\$ 1,130	\$ 852
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation and amortization	346	390
Stock compensation expense	61	70
Impairment	20	—
(Gain) loss on debt extinguishment	—	(3)
Deferred income taxes	(159)	12
(Gain) on divestiture	(79)	—
Other adjustments, net	7	22
Changes in assets and liabilities		
Premium and trade receivables	(1,938)	(3,099)
Other assets	(315)	(299)
Medical claims liabilities	759	1,767
Unearned revenue	1,919	81
Accounts payable and accrued expenses	1,548	957
Other long-term liabilities	970	401
Net cash provided by operating activities	<u>4,269</u>	<u>1,151</u>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(225)	(242)
Purchases of investments	(1,619)	(1,700)
Sales and maturities of investments	1,148	1,047
Acquisitions, net of cash acquired	—	(1,504)
Divestiture proceeds, net of divested cash	443	—
Other investing activities, net	—	(2)
Net cash (used in) investing activities	<u>(253)</u>	<u>(2,401)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from long-term debt	287	100
Payments and repurchases of long-term debt	—	(526)
Common stock repurchases	(423)	(71)
Proceeds from common stock issuances	—	27
Payments for debt extinguishment	—	(27)
Purchase of noncontrolling interest	(58)	—
Other financing activities, net	11	(1)
Net cash (used in) financing activities	<u>(183)</u>	<u>(498)</u>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	2	33
Net increase (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	<u>3,835</u>	<u>(1,715)</u>
<b>Cash, cash equivalents, and restricted cash and cash equivalents, beginning of period</b>	<u>12,330</u>	<u>13,214</u>
<b>Cash, cash equivalents, and restricted cash and cash equivalents, end of period</b>	<u>\$ 16,165</u>	<u>\$ 11,499</u>
<b>Supplemental disclosures of cash flow information:</b>		
Interest paid	\$ 144	\$ 139
Income taxes paid	\$ 11	\$ 11
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:		
	<b>March 31,</b>	
	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 15,853	\$ 11,237
Restricted cash and cash equivalents, included in restricted deposits	312	262
Total cash, cash equivalents, and restricted cash and cash equivalents	<u>\$ 16,165</u>	<u>\$ 11,499</u>

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**  
**(Unaudited)**

## **1. Organization and Operations**

### ***Basis of Presentation***

The accompanying interim financial statements have been prepared under the presumption that users of the interim financial information have either read or have access to the audited financial statements included in the Form 10-K for the fiscal year ended December 31, 2022. The unaudited interim financial statements herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. Accordingly, footnote disclosures that would substantially duplicate the disclosures contained in the December 31, 2022 audited financial statements have been omitted from these interim financial statements, where appropriate. In the opinion of management, these financial statements reflect all adjustments, consisting only of normal recurring adjustments, which are necessary for a fair presentation of the results of the interim periods presented.

Certain 2022 amounts in the consolidated financial statements and notes to the consolidated financial statements have been reclassified to conform to the 2023 presentation, including reclassifications related to the Company's new segment reporting structure as outlined below. These reclassifications have no effect on net earnings or stockholders' equity as previously reported.

### ***Segment Reporting***

In the first quarter of 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 Medicaid, Medicare, and Commercial segments represent the government-sponsored or subsidized programs under which the Company offers managed healthcare services. Specifically, the Medicaid segment includes the Temporary Assistance for Needy Families (TANF) program, Medicaid Expansion programs, the Aged, Blind, or Disabled (ABD) program, 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, and other state-based programs. The Medicare segment includes Medicare Advantage, Medicare Supplement, Dual Eligible Special Needs Plans (D-SNPs), and Medicare Prescription Drug Plans (PDPs), also known as Medicare Part D. The Commercial segment includes the Health Insurance Marketplace along with individual, small group, and large group commercial healthcare products. The Other segment includes the Company's pharmacy operations, vision and dental services, clinical healthcare, behavioral health, international operations, and corporate management companies, among others.

### ***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 position, results of operations, or cash flows.

## **2. Acquisitions and Divestitures**

On January 5, 2023, the Company completed the divestiture of HealthSmart, its third-party health plan administration business.

On January 10, 2023, the Company signed and closed on a definitive agreement to divest Centurion, its prison healthcare business. During 2022, the Company recorded impairment charges related to goodwill and other current assets associated with the pending divestitures. The Company could receive up to an additional \$35 million in cash based on the repurchases of certain Centurion contracts. The Company will recognize the appropriate amount of contingent consideration related to the additional \$35 million when realized or realizable.

On January 20, 2023, the Company completed the divestiture of Magellan Specialty Health for approximately \$646 million in cash and stock, including an estimated working capital adjustment and recognized a pre-tax gain of \$79 million. The stock consideration was subsequently sold in April 2023 for cash proceeds of \$245 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 additional \$150 million when realized or realizable.

### 3. 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):

	March 31, 2023				December 31, 2022			
	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	\$ 489	\$ —	\$ (12)	\$ 477	\$ 695	\$ —	\$ (16)	\$ 679
Corporate securities	10,523	32	(668)	9,887	10,127	12	(778)	9,361
Restricted certificates of deposit	4	—	—	4	4	—	—	4
Restricted cash equivalents	312	—	—	312	256	—	—	256
Short-term time deposits	198	—	—	198	204	—	—	204
Municipal securities	4,131	15	(213)	3,933	4,055	6	(280)	3,781
Asset-backed securities	1,492	2	(57)	1,437	1,396	—	(70)	1,326
Residential mortgage-backed securities	1,187	4	(105)	1,086	1,165	2	(121)	1,046
Commercial mortgage-backed securities	1,067	1	(87)	981	961	—	(99)	862
Equity securities <sup>(1)</sup>	250	—	—	250	5	—	—	5
Private equity investments	540	—	—	540	529	—	—	529
Life insurance contracts	176	—	—	176	169	—	—	169
Total	<u>\$ 20,369</u>	<u>\$ 54</u>	<u>\$ (1,142)</u>	<u>\$ 19,281</u>	<u>\$ 19,566</u>	<u>\$ 20</u>	<u>\$ (1,364)</u>	<u>\$ 18,222</u>

<sup>(1)</sup> Investments in equity securities as of March 31, 2023 primarily consisted of shares received as part of the Magellan Specialty Health divestiture consideration. These shares were subsequently sold in April 2023.

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 the 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 March 31, 2023, 99% of the Company's investments in rated securities carry an investment grade rating by nationally recognized statistical rating organizations. At March 31, 2023, 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 \$141 million and \$132 million at March 31, 2023 and December 31, 2022, respectively, and is included in other current assets on the Consolidated Balance Sheets.

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 March 31, 2023.

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):

	March 31, 2023				December 31, 2022			
	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	\$ (2)	\$ 249	\$ (10)	\$ 170	\$ (5)	\$ 342	\$ (11)	\$ 184
Corporate securities	(72)	2,755	(596)	5,683	(340)	5,368	(438)	3,400
Municipal securities	(18)	1,161	(195)	1,945	(142)	2,437	(138)	995
Asset-backed securities	(5)	310	(52)	928	(29)	786	(41)	486
Residential mortgage-backed securities	(10)	319	(95)	652	(55)	629	(66)	352
Commercial mortgage-backed securities	(8)	188	(79)	697	(49)	513	(50)	330
Total	\$ (115)	\$ 4,982	\$ (1,027)	\$ 10,075	\$ (620)	\$ 10,075	\$ (744)	\$ 5,747

As of March 31, 2023, the gross unrealized losses were generated from 6,109 positions out of a total of 6,936 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.

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

	March 31, 2023				December 31, 2022			
	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	\$ 2,011	\$ 1,981	\$ 570	\$ 569	\$ 2,207	\$ 2,179	\$ 534	\$ 532
One year through five years	8,008	7,556	546	518	7,651	7,147	524	490
Five years through ten years	4,131	3,821	245	224	4,066	3,613	224	195
Greater than ten years	144	140	2	2	135	129	—	—
Asset-backed securities	3,746	3,504	—	—	3,522	3,234	—	—
Total	\$ 18,040	\$ 17,002	\$ 1,363	\$ 1,313	\$ 17,581	\$ 16,302	\$ 1,282	\$ 1,217

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 at amortized cost substantially all of the securities included in the greater than ten years category listed above.

#### 4. 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:

<b>Level Input:</b>	<b>Input Definition:</b>
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 March 31, 2023, for assets and liabilities measured at fair value on a recurring basis (\$ in millions):

	<b>Level I</b>	<b>Level II</b>	<b>Level III</b>	<b>Total</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 15,853	\$ —	\$ —	\$ 15,853
Investments:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ 156	\$ —	\$ —	\$ 156
Corporate securities	—	9,853	—	9,853
Municipal securities	—	3,291	—	3,291
Short-term time deposits	—	198	—	198
Asset-backed securities	—	1,437	—	1,437
Residential mortgage-backed securities	—	1,086	—	1,086
Commercial mortgage-backed securities	—	981	—	981
Equity securities	248	2	—	250
Total investments	\$ 404	\$ 16,848	\$ —	\$ 17,252
Restricted deposits:				
Cash and cash equivalents	\$ 312	\$ —	\$ —	\$ 312
U.S. Treasury securities and obligations of U.S. government corporations and agencies	321	—	—	321
Corporate securities	—	34	—	34
Certificates of deposit	—	4	—	4
Municipal securities	—	642	—	642
Total restricted deposits	\$ 633	\$ 680	\$ —	\$ 1,313
Total assets at fair value	\$ 16,890	\$ 17,528	\$ —	\$ 34,418

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
<b>Assets</b>				
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 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 \$716 million and \$698 million as of March 31, 2023 and December 31, 2022, respectively.

## 5. Goodwill and Intangible Assets

As discussed in Note 1. *Organization and Operations*, in 2023 the Company updated its segment structure. Prior year information has been adjusted to reflect the change in segment reporting.

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

	Medicaid	Medicare	Commercial	Other	Consolidated Total
Balance, December 31, 2021	\$ 10,194	\$ 1,592	\$ 5,424	\$ 2,561	\$ 19,771
Acquisition and purchase accounting adjustments	—	—	—	1,077	1,077
Divestitures	—	—	—	(1,533)	(1,533)
Reallocation	4	—	—	(4)	—
Impairments	—	—	—	(370)	(370)
Translation impact	—	—	—	(133)	(133)
Balance, December 31, 2022	\$ 10,198	\$ 1,592	\$ 5,424	\$ 1,598	\$ 18,812
Translation impact	—	—	—	24	24
Balance, March 31, 2023	\$ 10,198	\$ 1,592	\$ 5,424	\$ 1,622	\$ 18,836



## 6. Medical Claims Liability

As discussed in Note 1. *Organization and Operations*, in 2023 the Company updated its segment structure. Prior year information has been adjusted to reflect the change in segment reporting.

The following table summarizes the change in medical claims liability for the three months ended March 31, 2023 (\$ in millions):

	<u>Medicaid</u>	<u>Medicare</u>	<u>Commercial</u>	<u>Other</u>	<u>Consolidated Total</u>
<b>Balance, January 1, 2023</b>	\$ 11,253	\$ 3,431	\$ 1,921	\$ 140	\$ 16,745
Less: Reinsurance recoverable	7	—	19	—	26
Balance, January 1, 2023, net	11,246	3,431	1,902	140	16,719
Incurred related to:					
Current year	20,813	5,163	4,177	418	30,571
Prior years	(803)	(155)	(172)	(7)	(1,137)
Total incurred	20,010	5,008	4,005	411	29,434
Paid related to:					
Current year	12,679	2,988	2,541	294	18,502
Prior years	6,834	2,145	1,063	132	10,174
Total paid	19,513	5,133	3,604	426	28,676
Balance, March 31, 2023, net	11,743	3,306	2,303	125	17,477
Plus: Reinsurance recoverable	9	—	18	—	27
<b>Balance, March 31, 2023</b>	<u>\$ 11,752</u>	<u>\$ 3,306</u>	<u>\$ 2,321</u>	<u>\$ 125</u>	<u>\$ 17,504</u>

The following table summarizes the change in medical claims liability for the three months ended March 31, 2022 (\$ in millions):

	<u>Medicaid</u>	<u>Medicare</u>	<u>Commercial</u>	<u>Other</u>	<u>Consolidated Total</u>
<b>Balance, January 1, 2022</b>	\$ 9,845	\$ 2,286	\$ 2,014	\$ 98	\$ 14,243
Less: Reinsurance recoverable	23	—	—	—	23
Balance, January 1, 2022, net	9,822	2,286	2,014	98	14,220
Acquisitions	—	—	—	249	249
Incurred related to:					
Current year	19,289	5,098	3,423	751	28,561
Prior years	(514)	(52)	(149)	(8)	(723)
Total incurred	18,775	5,046	3,274	743	27,838
Paid related to:					
Current year	12,022	2,674	2,012	690	17,398
Prior years	5,643	1,624	1,319	76	8,662
Total paid	17,665	4,298	3,331	766	26,060
Balance, March 31, 2022, net	10,932	3,034	1,957	324	16,247
Plus: Reinsurance recoverable	12	—	—	—	12
<b>Balance, March 31, 2022</b>	<u>\$ 10,944</u>	<u>\$ 3,034</u>	<u>\$ 1,957</u>	<u>\$ 324</u>	<u>\$ 16,259</u>

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. Additionally, as a result of minimum health benefits ratio (HBR) and other return of premium programs, the Company recorded \$159 million and \$67 million as a reduction to premium revenue in the three months ended March 31, 2023 and 2022, respectively.

Incurred but not reported (IBNR) plus expected development on reported claims as of March 31, 2023 was \$11,271 million. 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.

## 7. Affordable Care Act

The Affordable Care Act established risk spreading premium stabilization programs as well as a minimum annual medical loss ratio (MLR) and cost sharing reductions.

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

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
Risk adjustment receivable	\$ 887	\$ 838
Risk adjustment payable	(1,556)	(780)
Minimum medical loss ratio	(176)	(103)
Cost sharing reduction payable	(89)	(99)

## 8. Debt

Debt consists of the following (\$ in millions):

	<b>March 31, 2023</b>	<b>December 31, 2022</b>
\$2,500 million 4.25% Senior Notes due December 15, 2027	\$ 2,393	\$ 2,393
\$2,300 million 2.45% Senior Notes due July 15, 2028	2,303	2,303
\$3,500 million 4.625% Senior Notes due December 15, 2029	3,277	3,277
\$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	<u>15,673</u>	<u>15,673</u>
Term loan facility	2,169	2,183
Revolving credit agreement	359	58
Finance leases and other	260	253
Debt issuance costs	(141)	(147)
Total debt	<u>18,320</u>	<u>18,020</u>
Less: current portion	(97)	(82)
Long-term debt	<u>\$ 18,223</u>	<u>\$ 17,938</u>

Of the Company's total debt, approximately 12% is variable rate debt. Approximately 11% 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 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 the Secured Overnight Financing Rate (SOFR) at the time LIBOR ceases to be published.

## 9. Leases

The following table sets forth the right-of-use (ROU) assets and lease liabilities (\$ in millions):

	<u>March 31, 2023</u>	<u>December 31, 2022</u>
<b>Assets</b>		
ROU assets (recorded within other long-term assets)	\$ 2,578	\$ 2,554
<b>Liabilities</b>		
Short-term (recorded within accounts payable and accrued expenses)	\$ 177	\$ 180
Long-term (recorded within other long-term liabilities)	3,144	3,133
Total lease liabilities	<u>\$ 3,321</u>	<u>\$ 3,313</u>

As of March 31, 2023, the weighted average remaining lease term for the Company was 20.5 years. The average remaining lease term of the Circle Health portfolio is 27.0 years. Excluding Circle Health, the company's portfolio average remaining lease term is 8.5 years. The lease liabilities as of March 31, 2023 reflect a weighted average discount rate of 5.7%.

## 10. Stockholders' Equity

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, 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, inclusive of past authorizations. As of March 31, 2023, the Company had a remaining amount of \$2,429 million available under the Company's stock repurchase program. In April 2023, the Company repurchased an additional 3 million shares for \$200 million.

The following represents the Company's share repurchase activity (\$ in millions, shares in thousands):

	<b>Three Months Ended March 31,</b>			
	<u>2023</u>		<u>2022</u>	
	<b>Shares</b>	<b>Cost</b>	<b>Shares</b>	<b>Cost</b>
Share buybacks	4,852	\$ 377	—	\$ —
Income tax withholding	696	46	846	71
Total share repurchases	<u>5,548</u>	<u>\$ 423</u>	<u>846</u>	<u>\$ 71</u>

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.

## 11. 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):

	<b>Three Months Ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Earnings attributable to Centene Corporation	\$ 1,130	\$ 849
Shares used in computing per share amounts:		
Weighted average number of common shares outstanding	550,779	583,230
Common stock equivalents (as determined by applying the treasury stock method) <sup>(1)</sup>	3,066	7,428
Weighted average number of common shares and potential dilutive common shares outstanding	<u>553,845</u>	<u>590,658</u>
Net earnings per common share attributable to Centene Corporation:		
Basic earnings per common share	\$ 2.05	\$ 1.46
Diluted earnings per common share	\$ 2.04	\$ 1.44

<sup>(1)</sup> The reduction in common stock equivalents is primarily driven by the distribution of long-term stock awards to the estate of the Company's former CEO during the first quarter of 2023, which were fully dilutive prior to their distribution.

The calculation of diluted earnings per common share for the three months ended March 31, 2023 and 2022 excludes 1,606 thousand shares and 923 thousand shares, respectively, related to anti-dilutive stock options, restricted stock, and restricted stock units.

## 12. Segment Information

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. Prior year information has been adjusted to reflect the change in segment reporting.

The Medicaid, Medicare, and Commercial segments represent the government-sponsored or subsidized programs under which the Company offers managed healthcare services. The Other segment includes the Company's pharmacy operations, vision and dental services, clinical healthcare, behavioral health, international operations, and corporate management companies, among others.

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

Segment information for the three months ended March 31, 2023, is as follows (\$ in millions):

	<b>Medicaid</b>	<b>Medicare</b>	<b>Commercial</b>	<b>Other/Eliminations</b>	<b>Consolidated Total</b>
Premium	\$ 22,227	\$ 5,876	\$ 5,252	\$ 470	\$ 33,825
Service	—	—	—	1,127	1,127
Premium and service revenues	22,227	5,876	5,252	1,597	34,952
Premium tax	3,937	—	—	—	3,937
Total external revenues	26,164	5,876	5,252	1,597	38,889
Internal revenues	—	—	—	3,867	3,867
Eliminations	—	—	—	(3,867)	(3,867)
Total revenues	\$ 26,164	\$ 5,876	\$ 5,252	\$ 1,597	\$ 38,889
Medical costs	\$ 20,010	\$ 5,008	\$ 4,005	\$ 411	\$ 29,434
Cost of services	\$ —	\$ —	\$ —	\$ 870	\$ 870
Gross margin <sup>(1)</sup>	\$ 2,217	\$ 868	\$ 1,247	\$ 316	\$ 4,648

<sup>(1)</sup> Gross margin represents premium and service revenues less medical costs and cost of services.

Segment information for the three months ended March 31, 2022, is as follows (\$ in millions):

	<b>Medicaid</b>	<b>Medicare</b>	<b>Commercial</b>	<b>Other/Eliminations</b>	<b>Consolidated Total</b>
Premium	\$ 21,121	\$ 5,757	\$ 4,132	\$ 879	\$ 31,889
Service	—	—	—	2,343	2,343
Premium and service revenues	21,121	5,757	4,132	3,222	34,232
Premium tax	2,953	—	—	—	2,953
Total external revenues	24,074	5,757	4,132	3,222	37,185
Internal revenues	—	—	—	6,450	6,450
Eliminations	—	—	—	(6,450)	(6,450)
Total revenues	\$ 24,074	\$ 5,757	\$ 4,132	\$ 3,222	\$ 37,185
Medical costs	\$ 18,775	\$ 5,046	\$ 3,274	\$ 743	\$ 27,838
Cost of services	\$ —	\$ —	\$ —	\$ 1,988	\$ 1,988
Gross margin <sup>(1)</sup>	\$ 2,346	\$ 711	\$ 858	\$ 491	\$ 4,406

<sup>(1)</sup> Gross margin represents premium and service revenues less medical costs and cost of services.

### 13. 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 the Centers for Medicare and Medicaid Services (CMS) related to 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 discussion 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 at a mediation in September 2021, the Company reached a settlement with plaintiffs in three of the pending class actions which, if approved by court, should resolve most or all of the pending litigation related to this matter. 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 Attorneys General, 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.

## **Item 2. 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.*

### **EXECUTIVE OVERVIEW**

#### **General**

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.

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. During the first quarter of 2023, we completed the following key milestones in our Value Creation Plan:

- Completed the divestitures of Magellan Specialty Health, Centurion, our prison healthcare business, and HealthSmart, our third-party health plan administration business.
- Completed \$377 million of common stock repurchases in the first quarter of 2023 through our stock repurchase program, which were funded through divestiture proceeds and free cash flow generated from operations. In addition, in April 2023, we completed an additional \$200 million of common stock repurchases.
- Completed operating model changes initiated in 2022, including streamlining call center management and utilization management.
- Initiated standardization of our pharmacy operating model.
- Launched our cloud-based, next-gen clinical population health platform.

#### **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 began reporting under this new segment structure in 2023. Prior year information has been adjusted to reflect the change in segment reporting.

#### **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 3.5 million members (excluding new states North Carolina and Delaware and various state product expansions or managed care organization changes). 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 began Medicaid disenrollments on April 1, 2023. Per the Act, redeterminations related to the PHE should be initiated within 12 months, by March 31, 2024, and conclude during the second quarter of 2024. We are taking decisive action to help ensure individuals take the state agency requested action to confirm eligibility in their Medicaid coverage or find other appropriate coverage that is best for themselves and their families. 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. 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 which expires May 11, 2023, 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 partners 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.

### **First Quarter 2023 Highlights**

Our financial performance for the first quarter of 2023 is summarized as follows:

- Managed care membership of 28.5 million, an increase of 2.2 million members, or 8% year-over-year.
- Total revenues of \$38.9 billion, representing 5% growth year-over-year.
- Premium and service revenues of \$35.0 billion, representing 2% growth year-over-year.
- HBR of 87.0%, compared to 87.3% for the first quarter of 2022.
- SG&A expense ratio of 8.6%, compared to 8.0% for the first quarter of 2022.
- Adjusted SG&A expense ratio of 8.5%, compared to 7.7% for the first quarter of 2022.
- Operating cash flows of \$4.3 billion for the first quarter of 2023.
- Adjusted diluted earnings per share (EPS) of \$2.11, compared to \$1.83 for the first quarter of 2022.

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

	<b>Three Months Ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
GAAP diluted EPS attributable to Centene	\$ 2.04	\$ 1.44
Amortization of acquired intangible assets	0.33	0.34
Acquisition and divestiture related expenses	0.04	0.16
Other adjustments <sup>(1)</sup>	(0.09)	—
Income tax effects of adjustments <sup>(2)</sup>	(0.21)	(0.11)
Adjusted diluted EPS	\$ 2.11	\$ 1.83

<sup>(1)</sup> Other adjustments include the following pre-tax items:

2023:

(a) Magellan Specialty Health divestiture gain of \$79 million, or \$0.14 per share (\$0.12 after-tax) and real estate impairments of \$26 million, or \$0.05 per share (\$0.04 after-tax).

2022:

(b) Costs related to the PBM legal settlement of \$2 million, or \$0.00 per share (\$0.00 after-tax).

<sup>(2)</sup> The income tax effects of adjustments are based on the effective income tax rates applicable to each adjustment. In addition, the three months ended March 31, 2023, includes a one-time income tax benefit of \$69 million, or \$0.13 per share, resulting from the distribution of long-term stock awards to the estate of the Company's former CEO.

### Current and Future Operating Drivers

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

#### 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 October 2022, the state of Ohio removed pharmacy services in connection with the state's transition from managed care to a single pharmacy benefits management (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 53,500 foster children and children receiving adoption subsidy assistance.
- Beginning in 2020, the federal government issued a PHE which suspended Medicaid eligibility redeterminations. The ongoing suspensions, which were extended to April 2023, have driven increased membership.

### *Medicare*

- Medicare membership declined year-over-year due to lower annual enrollment.

### *Commercial*

- In 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. Additionally, Marketplace membership increased year-over-year due to the expanded footprint, strong product positioning and open enrollment results, as well as overall market growth.

### *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, we completed the divestiture of Magellan Rx, which was part of the Magellan Health, Inc. (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 Rare (PANTHERx).

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

### *Medicaid*

- In April 2023, eligibility redeterminations related to the PHE began. These redeterminations will extend over a 14-month period and are expected to conclude in the second quarter of 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 Children's Health Insurance Program (CHIP) coverage. The provision requires states to provide 12 months of continuous coverage for children under Medicaid and CHIP effective January 2024 and made the state option to extend coverage for postpartum women for up to 12 months permanent.
- In March 2023, the state of North Carolina passed legislation for Medicaid Expansion, presenting a growth opportunity in our existing market.
- 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 October 2023, are integrated health plans designed for individuals with significant behavioral health needs and intellectual/developmental disabilities.

*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).

*Other*

- 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 March 31, 2022 to March 31, 2023, we increased our managed care membership by 2.2 million, or 8%. The following table sets forth our membership by line of business:

	<u>March 31, 2023</u>	<u>December 31, 2022</u>	<u>March 31, 2022</u>
Traditional Medicaid <sup>(1)</sup>	14,521,100	14,264,800	13,590,100
High Acuity Medicaid <sup>(2)</sup>	1,801,200	1,710,000	1,682,800
Total Medicaid <sup>(4)</sup>	16,322,300	15,974,800	15,272,900
Commercial Marketplace	3,093,600	2,076,100	2,031,000
Commercial Group	437,200	441,100	449,700
Total Commercial	3,530,800	2,517,200	2,480,700
Medicare <sup>(3) (4)</sup>	1,343,800	1,511,100	1,452,500
Medicare PDP	4,459,300	4,226,000	4,169,700
Total at-risk membership	25,656,200	24,229,100	23,375,800
TRICARE eligibles	2,799,300	2,832,300	2,862,400
Total	<u>28,455,500</u>	<u>27,061,400</u>	<u>26,238,200</u>

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

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

<sup>(3)</sup> Membership includes Medicare Advantage and Medicare Supplement.

<sup>(4)</sup> Membership includes 1,323,000, 1,291,300, and 1,231,500 Dual Eligible Special Needs Plans (D-SNP) beneficiaries for the periods ending March 31, 2023, December 31, 2022, and March 31, 2022, respectively.

## RESULTS OF OPERATIONS

The following discussion and analysis is based on our Consolidated Statements of Operations, which reflect our results of operations for the three months ended March 31, 2023 and 2022, prepared in accordance with generally accepted accounting principles in the United States (GAAP).

Summarized comparative financial data for the three months ended March 31, 2023 and 2022 is as follows (\$ in millions, except per share data in dollars):

	Three Months Ended March 31,		
	2023	2022	% Change
Premium	\$ 33,825	\$ 31,889	6 %
Service	1,127	2,343	(52)%
Premium and service revenues	34,952	34,232	2 %
Premium tax	3,937	2,953	33 %
<b>Total revenues</b>	<b>38,889</b>	<b>37,185</b>	<b>5 %</b>
Medical costs	29,434	27,838	6 %
Cost of services	870	1,988	(56)%
Selling, general and administrative expenses	3,011	2,745	10 %
Depreciation expense	142	156	(9)%
Amortization of acquired intangible assets	183	199	(8)%
Premium tax expense	4,011	3,006	33 %
Impairment	20	—	n.m.
<b>Earnings from operations</b>	<b>1,218</b>	<b>1,253</b>	<b>(3)%</b>
Investment and other income	353	52	n.m.
Debt extinguishment	—	3	n.m.
Interest expense	(180)	(160)	(13)%
<b>Earnings before income tax</b>	<b>1,391</b>	<b>1,148</b>	<b>21 %</b>
Income tax expense	261	296	(12)%
<b>Net earnings</b>	<b>1,130</b>	<b>852</b>	<b>33 %</b>
(Earnings) loss attributable to noncontrolling interests	—	(3)	n.m.
<b>Net earnings attributable to Centene Corporation</b>	<b>\$ 1,130</b>	<b>\$ 849</b>	<b>33 %</b>
Diluted earnings per common share attributable to Centene Corporation	\$ 2.04	\$ 1.44	42 %

*n.m.: not meaningful*

**Three Months Ended March 31, 2023 Compared to Three Months Ended March 31, 2022****Total Revenues**

The following table sets forth supplemental revenue information for the three months ended March 31, (\$ in millions):

	<u>2023</u>	<u>2022</u>	<u>% Change</u>
Medicaid	\$ 26,164	\$ 24,076	9 %
Commercial	5,252	4,132	27 %
Medicare <sup>(1)</sup>	5,876	5,757	2 %
Other	1,597	3,220	(50)%
Total Revenues	<u>\$ 38,889</u>	<u>\$ 37,185</u>	<u>5 %</u>

<sup>(1)</sup> Medicare includes Medicare Advantage, Medicare Supplement, D-SNPs, and Medicare Prescription Drug Plan (PDP).

Total revenues increased 5% in the three months ended March 31, 2023 over the corresponding period in 2022, driven by 52% membership growth in the Marketplace business due to strong product positioning and open enrollment results, as well as overall market growth; organic Medicaid growth, primarily due to the ongoing suspension of eligibility redeterminations; and increased Medicaid premium tax revenue. The decrease in Other revenue was driven by recent divestitures.

**Operating Expenses****Medical Costs/HBR**

The HBR for the three months ended March 31, 2023, was 87.0%, compared to 87.3% in the same period in 2022. The HBR for the first quarter of 2023 was favorably impacted by continued disciplined Marketplace pricing and lower utilization in Medicare, partially offset by updated Medicaid return of premium payable revenue estimates related to prior periods.

**Cost of Services**

Cost of services decreased by \$1.1 billion in the three months ended March 31, 2023, compared to the corresponding period in 2022. The cost of service ratio for the three months ended March 31, 2023, was 77.2%, compared to 84.8% in the same period in 2022. The decreases were driven by recent divestitures.

**Selling, General & Administrative Expenses**

The SG&A expense ratio was 8.6% for the first quarter of 2023, compared to 8.0% in the first quarter of 2022. The adjusted SG&A expense ratio was 8.5% for the first quarter of 2023, compared to 7.7% in the first quarter of 2022. The increases were driven by growth in the Marketplace business, which operates at a higher SG&A ratio.

**Impairment**

During the first quarter of 2023, we recorded impairment charges of \$20 million for additional impairments related to our ongoing real estate optimization initiatives, consisting of leased and owned real estate assets and related fixed assets.

## Other Income (Expense)

The following table summarizes the components of other income (expense) for the three months ended March 31, (\$ in millions):

	2023	2022
Investment and other income	\$ 353	\$ 52
Debt extinguishment	—	3
Interest expense	(180)	(160)
Other income (expense), net	\$ 173	\$ (105)

*Investment and other income.* Investment and other income increased by \$301 million in the three months ended March 31, 2023 compared to the corresponding period in 2022, driven by increased interest rates and the \$79 million Magellan Specialty Health divestiture gain.

*Debt extinguishment.* During the first quarter of 2022, we recognized an immaterial gain related to the redemption of Magellan's outstanding Senior Notes.

*Interest expense.* Interest expense increased by \$20 million in the three months ended March 31, 2023, compared to the corresponding period in 2022. The increase was driven by increased interest rates.

## Income Tax Expense

For the three months ended March 31, 2023, we recorded income tax expense of \$261 million on pre-tax earnings of \$1.4 billion, or an effective tax rate of 18.8%. The effective tax rate for the first quarter of 2023 reflects the tax effects of the distribution of long-term stock awards to the estate of the Company's former CEO as well as the Magellan Specialty Health gain. For the first quarter of 2023, our effective tax rate on adjusted earnings was 24.3%. For the three months ended March 31, 2022, we recorded an income tax expense of \$296 million on pre-tax earnings of \$1.1 billion, or an effective tax rate of 25.8%. For the first quarter of 2022, our effective tax rate on adjusted earnings was 25.1%.

## Segment Results

The following table summarizes our consolidated operating results by segment for the three months ended March 31, (\$ in millions):

	2023	2022	% Change
<b>Total Revenues</b>			
Medicaid	\$ 26,164	\$ 24,074	9 %
Medicare	5,876	5,757	2 %
Commercial	5,252	4,132	27 %
Other	1,597	3,222	(50)%
Consolidated Total	\$ 38,889	\$ 37,185	5 %
<b>Gross Margin <sup>(1)</sup></b>			
Medicaid	\$ 2,217	\$ 2,346	(5)%
Medicare	868	711	22 %
Commercial	1,247	858	45 %
Other	316	491	(36)%
Consolidated Total	\$ 4,648	\$ 4,406	5 %

<sup>(1)</sup> Gross margin represents premium and service revenues less medical costs and cost of services.



**Medicaid**

Total revenues increased 9% in the three months ended March 31, 2023, compared to the corresponding period in 2022. The increase was due to organic Medicaid growth, partially due to the ongoing suspension of eligibility redeterminations. Gross margin decreased \$129 million between years primarily as a result of updated return of premium payable revenue estimates related to prior periods.

**Medicare**

Total revenues increased 2% in the three months ended March 31, 2023, compared to the corresponding period in 2022. Gross margin increased \$157 million in the three months ended March 31, 2023, compared to the corresponding period in 2022. Increases were primarily due to lower utilization.

**Commercial**

Total revenues increased 27% in the three months ended March 31, 2023, compared to the corresponding period in 2022. Gross margin increased \$389 million in the three months ended March 31, 2023, compared to the corresponding period in 2022. Increases were primarily driven by 52% membership growth in the Marketplace business, resulting from strong product positioning and open enrollment results, overall market growth, and continued disciplined pricing.

**Other**

Total revenues decreased 50% in the three months ended March 31, 2023, compared to the corresponding period in 2022. Gross margin decreased \$175 million in the three months ended March 31, 2023, compared to the corresponding period in 2022. Decreases were primarily due to recent divestitures.

## LIQUIDITY AND CAPITAL RESOURCES

Shown below is a condensed schedule of cash flows used in the discussion of liquidity and capital resources (\$ in millions).

	<b>Three Months Ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
Net cash provided by operating activities	\$ 4,269	\$ 1,151
Net cash (used in) investing activities	(253)	(2,401)
Net cash (used in) financing activities	(183)	(498)
Effect of exchange rate changes on cash and cash equivalents	2	33
Net increase (decrease) in cash, cash equivalents, and restricted cash and cash equivalents	<u>\$ 3,835</u>	<u>\$ (1,715)</u>

### ***Cash Flows Provided by Operating Activities***

Normal operations are funded primarily through operating cash flows and borrowings under our revolving credit facility. Operating activities provided cash of \$4.3 billion in the three months ended March 31, 2023, compared to \$1.2 billion in the comparable period in 2022. Cash flows provided by operations in 2023 were driven by net earnings, increases in unearned revenue and accounts payable driven by the early receipt of payments from CMS of approximately \$2.8 billion, the timing of pass through payments of \$1.2 billion, partially offset by a delay in premium payments from one of our state partners of \$1.1 billion.

Cash flows provided by operations in 2022 were primarily driven by net earnings.

### ***Cash Flows Used in Investing Activities***

Investing activities used cash of \$253 million in the three months ended March 31, 2023, and \$2.4 billion in the comparable period in 2022. Cash flows used in investing activities in 2023 primarily consisted of net additions to the investment portfolio of our regulated subsidiaries (including transfers from cash and cash equivalents to long-term investments) and capital expenditures, partially offset by divestiture proceeds.

In 2022, cash flows used in investing activities primarily related to our acquisition of Magellan and net additions to the investment portfolio of our regulated subsidiaries (including transfers from cash and cash equivalents to long-term investments).

We spent \$225 million and \$242 million in the three months ended March 31, 2023 and 2022, respectively, on capital expenditures primarily for system enhancements.

As of March 31, 2023, our investment portfolio consisted primarily of fixed-income securities with an average duration of 3.5 years. We had unregulated cash and investments of \$1.0 billion at March 31, 2023 compared to \$1.4 billion at December 31, 2022.

### ***Cash Flows Used in Financing Activities***

Financing activities used cash of \$183 million in the three months ended March 31, 2023, compared to using cash of \$498 million in the comparable period in 2022. Financing activities in 2023 were driven by stock repurchases of \$423 million, partially offset by increased borrowings on our revolving credit facility.

### ***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, the Company's Board of Directors authorized up to a total of \$6.0 billion of repurchases under the program.

During the quarter, we repurchased 4.9 million shares of common stock for \$377 million under the stock repurchase program. We have approximately \$2.4 billion remaining under the program for repurchases as of March 31, 2023. No duration has been placed on the repurchase program. We reserve the right to discontinue the repurchase program at any time. Refer to Note 10. *Stockholders' Equity* for further information on stock repurchases.

As of March 31, 2023, 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 restrictive covenants. As of March 31, 2023, 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 June 2022, the Company's Board of Directors also authorized a new \$1.0 billion senior note debt repurchase program. No repurchases were made during the quarter ended March 31, 2023. As of March 31, 2023, there was \$700 million available under the senior note debt repurchase program. Refer to Note 8. *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 March 31, 2023, we had \$359 million of borrowings outstanding under our Revolving Credit Facility, \$2.2 billion of borrowings under our Term Loan Facility, and we were in compliance with all covenants. As of March 31, 2023, there were no limitations on the availability of our Revolving Credit Facility as a result of the debt-to-EBITDA ratio.

We had outstanding letters of credit of \$214 million as of March 31, 2023, which were not part of our revolving credit facility. The letters of credit bore weighted interest of 0.6% as of March 31, 2023. In addition, we had outstanding surety bonds of \$1.0 billion as of March 31, 2023.

At March 31, 2023, our debt to capital ratio, defined as total debt divided by the sum of total debt and total equity, was 42.1%, compared to 42.7% at December 31, 2022. The debt to capital ratio decrease was driven by net earnings partially offset by stock repurchases in the quarter. We utilize the debt to capital ratio as a measure, among others, of our leverage and financial flexibility.

At March 31, 2023, we had working capital, defined as current assets less current liabilities, of \$2.2 billion, compared to \$1.7 billion at December 31, 2022. 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.

### **2023 Expectations**

During the remainder of 2023, we expect to receive net dividends from our insurance subsidiaries of approximately \$2.0 billion and spend approximately \$620 million in additional capital expenditures. In April 2023, we made additional purchases of \$200 million through our stock repurchase program.

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. 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. In addition to creating shareholder value, this plan encompasses a larger organizational mission to enhance our member and provider experience, improve outcomes for our members, and to initiate new ways of doing business that make Centene a great partner in all aspects of our operations.

## REGULATORY CAPITAL AND DIVIDEND RESTRICTIONS

Our operations are conducted through our subsidiaries. As managed care organizations, 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.

Our regulated subsidiaries are required to maintain minimum capital requirements prescribed by various regulatory authorities in each of the states in which we operate. During the three months ended March 31, 2023, we received dividends of \$153 million from and made \$87 million of capital contributions to our regulated subsidiaries. For our subsidiaries that file with the National Association of Insurance Commissioners (NAIC), the aggregate risk-based capital (RBC) level as of December 31, 2022, which was the most recent date for which reporting was required, was in excess of 350% of the Authorized Control Level. We intend to continue to maintain an aggregate RBC level in excess of 350% of the Authorized Control Level during 2023.

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 certain 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 RBC requirements for insurance companies, managed care organizations and other entities bearing risk for healthcare coverage. As of March 31, 2023, each of our health plans was in compliance with the RBC 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.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

**INVESTMENTS AND DEBT**

As of March 31, 2023, we had short-term investments of \$2.1 billion and long-term investments of \$17.2 billion, including restricted deposits of \$1.3 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, and equity securities, 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 March 31, 2023, the fair value of our fixed income investments would decrease by approximately \$617 million.

For a discussion of the interest rate risk that our investments are subject to, refer to our 10-K for the fiscal year ended December 31, 2022, Part 1, Item 1A, "Risk Factors – *Our investment portfolio may suffer losses which could materially and adversely affect our results of operations or liquidity.*"

**Item 4. Controls and Procedures.**

**Evaluation of Disclosure Controls and Procedures** - We maintain disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (Exchange Act) that are designed to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in SEC rules and forms; and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

In connection with the filing of this Form 10-Q, management evaluated, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of the design and operation of our disclosure controls and procedures as of March 31, 2023. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2023.

**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 quarter ended March 31, 2023 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**PART II**  
**OTHER INFORMATION**

**Item 1. *Legal Proceedings.***

A description of the legal proceedings to which the Company and its subsidiaries are a party is contained in Note 13. *Contingencies* to the consolidated financial statements included in Part I of this Quarterly Report on Form 10-Q, and is incorporated herein by reference.

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

There have been no material changes to the risk factors disclosed in our 2022 Annual Report on Form 10-K.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

In November 2005, the Company's Board of Directors announced a stock repurchase program, which was most recently been increased in December 2022. The Company is authorized to repurchase up to \$6.0 billion, inclusive of past authorizations.

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  
First Quarter 2023  
(shares in thousands)**

Period	Total Number of Shares Purchased <sup>(1)</sup>	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) <sup>(2)</sup>
January 1, 2023 - January 31, 2023	3,511	\$ 79.44	3,485	\$ 2,529
February 1, 2023 - February 28, 2023	1,571	72.93	1,367	2,429
March 1, 2023 - March 31, 2023	503	64.08	—	2,429
Total	5,585	\$ 76.22	4,852	\$ 2,429

<sup>(1)</sup> Includes 696 thousand shares relinquished to the Company by certain employees for payment of taxes; open market purchases of 6.8 thousand shares by Andrew Asher, the Company's CFO, at a weighted average price of \$71.94 which was previously disclosed on Form 4 filed with the SEC on February 10, 2023; and an open market purchase of 30 thousand shares by Sarah London, the Company's CEO, at a price of \$62.60 which was previously disclosed on Form 4 filed with the SEC on March 17, 2023.

<sup>(2)</sup> A remaining amount of approximately \$2.4 billion is available under the stock repurchase program as of March 31, 2023.

**Item 6. Exhibits.**

<b>EXHIBIT NUMBER</b>	<b>DESCRIPTION</b>
10.1	<a href="#">Form of Restricted Stock Unit Agreement #1</a>
10.2	<a href="#">Form of Restricted Stock Unit Agreement #2</a>
10.3	<a href="#">Form of Performance Based Restricted Stock Unit Agreement #1</a>
31.1	<a href="#">Certification of Chief Executive Officer pursuant to Rule 13(a)-14(a) under the Securities Exchange Act of 1934, as amended.</a>
31.2	<a href="#">Certification of Executive Vice President and Chief Financial Officer pursuant to Rule 13(a)-14(a) under the Securities Exchange Act of 1934, as amended.</a>
32.1	<a href="#">Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
32.2	<a href="#">Certification of Executive Vice President and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</a>
101	The following materials from the Centene Corporation Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, 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.
104	Cover Page Interactive Data File, formatted in iXBRL and contained in Exhibit 101.



## SIGNATURES

Pursuant to the requirements 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 April 25, 2023.

### CENTENE CORPORATION

By: /s/ SARAH M. LONDON  
Chief Executive Officer  
(principal executive officer)

By: /s/ ANDREW L. ASHER  
Executive Vice President, Chief Financial Officer  
(principal financial officer)

By: /s/ KATIE N. CASSO  
Senior Vice President, Corporate Controller and Chief Accounting  
Officer  
(principal accounting officer)

## CENTENE CORPORATION

**Restricted Stock Unit Agreement Granted Under  
2012 Stock Incentive Plan, As Amended**

THIS AGREEMENT is entered into by Centene Corporation, a Delaware corporation (hereinafter the “Company”), and <<Participant Name>> (hereinafter the “Participant”).

WHEREAS, the Participant renders important services to the Company and acquires access to Confidential Information (as defined below) of the Company in connection with the Participant’s relationship with the Company; and

WHEREAS, the Company desires to align the long-term interests of its valued employees with those of the Company by providing the ownership interest granted herein and to prevent former employees whose interest may become adverse to the Company from maintaining an ownership interest in the Company;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements herein contained, the parties hereto hereby agree as follows:

1. Grant of RSUs.

This Agreement evidences the grant by the Company on <<Grant Date>> (or the “Grant Date”) to <<Participant Name>> of <<RSU#>> restricted stock units (each an “RSU,” and collectively the “RSUs”) pursuant to the Company’s 2012 Stock Incentive Plan, as Amended (the “Plan”), that will settle in shares of common stock, \$.001 par value per share, of the Company (“Common Stock”), as provided in this Agreement. The shares of Common Stock that are issuable upon vesting of the RSUs are referred to in this Agreement as “Shares.”

2. Vesting.

Subject to Section 3 of this Agreement, the table outlined on the last page of this Agreement (the “Appendix”) sets forth each date upon which RSUs shall become vested (each such date, a “Vesting Date”), provided that the Continuous Service of Participant continues through and on the applicable Vesting Date.

**#VestingDateandQuantity#**

3. Reorganization Event.

The foregoing vesting schedule notwithstanding, if a Change in Control (as defined below) occurs and the Participant’s employment with the Company (and any parent or subsidiary thereof) is terminated by the Company (or a parent or subsidiary thereof) without Cause (as defined below) or by the Participant for Good Reason (as defined below), and the Participant’s date of termination occurs (or in the case of the Participant’s termination of employment for Good Reason, the event giving rise to Good Reason occurs) within 24 months following the Change in Control, all unvested RSUs shall automatically become 100% vested and shall be paid on the Participant’s date of termination (“CIC Termination Payment”). 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 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 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 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. To the extent required to avoid the adverse tax consequences under Section 409A of the Code (“Section 409A”), a Change in Control shall be deemed to have occurred only if it meets the foregoing requirements and meets the requirements for a change in control event under Section 409A. “Cause” shall include acts or omissions that the Company determines, after affording the Participant an opportunity to be heard, (i) are criminal, dishonest, fraudulent, constitute misconduct, or reflect negatively on the reputation of the Company (including any parent, subsidiary, affiliate or division of the Company); (ii) could expose the Company or any parent, subsidiary, affiliate or division of the Company to claims of illegal harassment or discrimination in employment; (iii) are material breaches of this Agreement or other agreement with the Company; or (iv) reflect continued and repeated failure to perform substantially the duties of his/her employment. “Good Reason” means: (a) if the Participant is a party to an employment or service agreement with the Company or its affiliates and such agreement provides for a definition of Good Reason, the definition contained therein; or (b) if no such agreement exists or if such agreement does not define Good Reason, the occurrence of one or more of the following without the Participant's express written consent, which circumstances are not remedied by the Company within thirty (30) days of its receipt of a written notice from the Participant describing the applicable circumstances (which notice must be provided by the Participant within ninety (90) days of the Participant's knowledge of the applicable circumstances): (i) any material, adverse change in the Participant's responsibilities, authority, title, status or reporting structure; (ii) a material reduction in the Participant's base salary or short-term cash incentive opportunity; or (iii) a geographical relocation of the Participant's principal office location by more than fifty (50) miles; provided that, the Participant in fact terminates employment for Good Reason within one hundred fifty (150) days following the initial existence of the circumstances giving rise to such Good Reason.

4. Distribution of Shares.

(a) Timing of Distribution. The Company will distribute to the Participant (or to the Participant's beneficiary in the event of the death of the Participant occurring after a Vesting Date but before distribution of the corresponding Shares), as soon as administratively practicable after each Vesting Date, the Shares represented by RSUs that vested on such Vesting Date, except that, payment shall occur earlier and extinguish any further payment on any future Vesting Date in the event that a CIC Termination Payment occurs or payment on death or disability occurs in accordance with Section 4(c).

(b) No Fractional Shares. No fractional Shares shall be issuable pursuant to any RSU. In lieu of any fractional shares to which the Participant would otherwise be entitled, the Company may, in its discretion, determine whether to pay, in lieu of such fractional Share, cash in an amount equal to such fractional Share multiplied by the Fair Market Value (as defined in the Plan) of a share of Common Stock, or whether any such fractional Share should be rounded down to the nearest whole Share, forfeited without consideration therefor, or otherwise eliminated.

(c) Termination of Employment. In the event that the Participant's employment with the Company (and any parent or subsidiary thereof) is terminated for any reason by the Company or by the Participant other than by reason of death or disability (within the meaning of Section 409A(a)(2)(c) of the Internal Revenue Code of 1986, as amended (the "Code")), the RSUs shall cease vesting as of the date of termination. In the event the Participant's employment with the Company (and any parent or subsidiary thereof) is terminated by reason of death or disability (as defined previously in this Section 4(c)), the pro-rata amount of RSUs, attributable to the number of completed months employed between the grant date and the termination date shall immediately vest and be paid on the date of such death or disability (or within 30 days thereafter).

(d) Compliance Restrictions. The Company shall not be obligated to issue to the Participant the Shares upon the vesting of any RSU (or otherwise) unless (i) the Participant has complied with covenants set forth in Section 9 of this Agreement and (ii) the issuance and delivery of such Shares shall comply with all relevant provisions of law and other legal requirements including any applicable federal or state securities laws and the requirements of any stock exchange or quotation system upon which Common Stock may then be listed or quoted.

5. Restrictions on Transfer.

The RSUs may not be sold, assigned, transferred, pledged or otherwise encumbered by the Participant, either voluntarily or by operation of law, except to the Participant's beneficiary as provided in Section 4(a) in the event of the Participant's death. The Participant's beneficiary can be designated and recorded with the Company's stock plan administrator or, if no election is made with the stock plan administrator, Shares will be distributed to the Participant's beneficiary under the Centene Management Corporation Retirement Plan. In the absence of any such beneficiary designation, benefits remaining unpaid at the Participant's death shall be paid to the Participant's executor, administrator, or legal representative.

6. No Rights as a Stockholder; Dividend Equivalents

Except as set forth in the Plan, neither the Participant nor any person claiming under or through the Participant shall be, or shall have any rights or privileges of, a stockholder of the Company in respect of any Share issuable pursuant to the RSUs granted hereunder until such Share has been delivered to the Participant. Notwithstanding the foregoing or any provision of the Plan to the contrary, to the extent dividends are paid on shares of Common Stock and such dividends have a record date that is on or after the Grant Date but prior to the distribution of the Shares pursuant to the vesting of the RSUs, then the Participant shall be credited with an amount equivalent to the dividends that would have been paid to the Participant for each RSU granted to the Participant pursuant to this Agreement, as determined by the Compensation Committee in its sole discretion (“Dividend Equivalents”), and such Dividend Equivalents shall be subject to the same vesting and forfeiture restrictions as the RSUs to which they are attributable. Any such Dividend Equivalents shall be paid in cash on any Shares delivered in connection with vested RSUs, subject to applicable tax withholding, no later than thirty days after the RSUs to which such Dividend Equivalents are attributable are distributed; *provided*, that no interest or other earnings will be credited to the Participant with respect to any such Dividend Equivalents.

7. Withholding Taxes; Section 83(b) Election.

(a) No Shares will be delivered pursuant to the vesting of an RSU unless and until the Participant pays to the Company, or makes provision satisfactory to the Company for payment of, the amount required or permitted by federal, state, local and/or foreign tax laws to be withheld with respect to the vesting or settlement of such RSU; *provided*, that, notwithstanding the foregoing, the Participant shall be permitted, with the Company’s consent, to satisfy the applicable tax obligations with respect to any shares of RSUs by net share settlement, pursuant to which the Company shall repurchase the largest whole number of shares of RSUs having a Fair Market Value (as defined in the Plan) equal to the applicable tax obligations.

(b) The Participant acknowledges that no election under Section 83(b) of the Code may be filed with respect to the RSUs.

8. Provisions of the Plan.

The RSUs are subject to the provisions of the Plan, a copy of which is being furnished to the Participant with this Agreement.

9. Participant’s Covenants.

For and in consideration of the delivery of this Agreement, the Participant agrees to the provisions of this Section 9.

(a) Confidential Information. As used in this Agreement, “Confidential Information” shall mean the Company’s trade secrets and other non-public proprietary information relating to the Company or the business of the Company, including information relating to financial statements, customer lists and identities, potential customers, customer contacts, employee skills and compensation, employee data, suppliers, acquisition targets, servicing methods, equipment, programs, strategies and information, analyses, marketing plans and strategies, profit margins, financial, promotional, marketing, training or operational 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 Participant.

(b) Non-Disclosure. The Participant 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, and that during employment with the Company and at all times thereafter, the Participant shall not, directly or indirectly, disclose to any competitor or other person or entity (other than current employees of the Company) any Confidential Information that the Participant obtains while performing services for the Company, except as may be required in the Participant's reasonable judgment to fulfill his duties hereunder or to comply with any applicable legal obligation.

(c) Non-Competition; Non-Solicitation.

(i) During Participant's employment with the Company and for the period of six (6) months (or, if longer, the post-termination period specified in any individual severance or employment agreement, as applicable, to which the Participant is a party) immediately after the termination of Participant's employment with the Company (including any parent, subsidiary, affiliate or division of the Company) for any reason whatsoever, and whether voluntary or involuntary, Participant shall not invest in (other than in a publicly traded company with a maximum investment of no more than 1% of outstanding shares), counsel, advise, consult, be employed or otherwise engaged 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 of the Company is engaged, and in which the Participant was engaged, participated in or about which the Participant learned Confidential Information during the Participant's last thirty-six (36) months of employment, or (B) any other area of business for which the Company or any affiliate of the Company has taken substantial steps towards becoming engaged, and in which the Participant was engaged, participated in or about which the Participant learned Confidential Information during the Participant's last 36 months of employment. Because the Company and its affiliates engage in business nationwide, the obligations under this Section 9(c)(i) shall apply nationwide (anywhere in the United States). Notwithstanding the foregoing, the Participant 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 the Participant provides services does not engage in such business activities.

(ii) During the Participant's employment with the Company (or any parent, subsidiary, affiliate or division of the Company) and for the period of twelve months immediately after the termination of the Participant's employment with the Company (or any parent, subsidiary, affiliate or division of the Company) for any cause whatsoever, and whether voluntary or involuntary ("Restricted Period"), the Participant will not, either directly or indirectly, either for himself 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, vendors or suppliers of the Company that (at any time during the last three years of the Participant's employment) the Participant had dealings with, or responsibility for, or as to which the Participant had access to the Company's (or any affiliate of the Company's) Confidential Information or such customers', providers', vendors' or suppliers' confidential information.

(iii) The Participant shall not, at any time during the Restricted Period, without the prior written consent of the Company, (i) directly or indirectly, solicit, recruit 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 months an employee, representative, officer or director of the Company (or any parent, subsidiary, affiliate or division of the Company); or (ii) take any action to encourage or induce any employee, representative, officer or director of the Company (or any parent, subsidiary, affiliate or division of the Company) to cease their relationship with the Company (or any parent, subsidiary, affiliate or division of the Company) for any reason. Notwithstanding the foregoing, the Participant shall not violate this Section 9(c)(iii) by advertising not specifically targeted at any of the Company's employees and serving as a reference upon request.

(iv) This Section 9(c) shall not apply if a "Change in Control" (as defined in Section 3) occurs.

(d) Enforcement. If any of the provisions or subparts of this Section 9 shall be held to be invalid or unenforceable by a court of competent jurisdiction, 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 9 is held to be overbroad or unreasonable as written, the parties agree that the applicable provision should be considered to be amended to reflect the maximum period, scope or geographical area deemed reasonable and enforceable by the court and enforced as amended.

(e) Remedy for Breach.

(i) Because the Participant's services are unique and because the Participant has access to the Company's Confidential Information, the parties agree that any breach or threatened breach of this Section 9 will cause irreparable harm to the Company 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 9, and in addition to all other rights and remedies available to it, the Company may apply to any court of competent jurisdiction 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 9.

(ii) The Participant shall immediately repay to the Company a cash sum in the principal amount equal to all gross proceeds (before-tax) realized by Participant upon the sale or other disposition of the Shares occurring at any time during the period commencing on the date that is three years before the date of termination of the Participant's employment with the Company and all Subsidiaries of the Company and ending on the date of the Participant's breach or threatened breach of this Section 9 (the "Refund Period"), together with interest accrued thereon, from the date of such breach or threatened breach, at the prime rate (compounded calendar monthly) as published from time to time in The Wall Street Journal, electronic edition ("Interest"); and

(iii) The Participant shall repay to the Company a cash sum equal to the fair market value of all of the Shares transferred by the Participant as a gift or gifts at any time during the Refund Period, together with Interest, and for which purpose, "fair market value" shall be the Fair Market Value of one share of Common Stock on the date such gift occurs.

(iv) The Participant acknowledges and agrees that nothing contained herein shall be construed to be an excessive remedy to prohibit the Company from pursuing any other remedies available to it for such actual or threatened breach, including the recovery of money damages, proximately caused by the Participant's breach of this Section 9.

(f) Survival. The provisions of this Section 9 shall survive and continue in full force in accordance with their terms notwithstanding any forfeiture, termination or expiration of this Agreement in accordance with its terms or any termination of the Participant's employment for any reason (whether voluntary or involuntary).

10. 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 5 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 delivery to a United States Post Office, by registered or certified mail, postage prepaid, addressed to the other party hereto at the address shown beneath his 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 paragraph (d).

(e) Entire Agreement. This Agreement and the Plan constitute the entire agreement between the parties, and supersede all prior agreements and understandings, relating to the RSUs.

(f) 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; and (iv) is fully aware of the legal and binding effect of this Agreement.

(g) Unfunded Rights. The right of the Participant to receive Common Stock pursuant to this Agreement is an unfunded and unsecured obligation of the Company. The Participant shall have no rights under this Agreement other than those of an unsecured general creditor of the Company.

(h) Deferral. Neither the Company nor the Participant may defer delivery of any Shares issuable under unvested RSUs except to the extent that such deferral complies with the provisions of Section 409A of the Code.



(i) Clawback. By accepting the grant of the RSUs hereunder, the Participant is agreeing to be bound by the Company's clawback policies and procedures, as in effect or as may be adopted and/or modified from time to time by the Company in its discretion (including, without limitation, to comply with applicable law or stock exchange listing requirements).

(j) Section 409A.

(i) This Agreement is intended to comply with the requirements of Section 409A, including the exceptions thereto, and shall be construed and administered in accordance with such intent. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement in connection with a termination of employment shall only be made if such termination of employment constitutes a "separation from service" under Section 409A. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with Section 409A.

(ii) If any provision of this Agreement or the Plan shall be invalid or unenforceable, in whole or in part, or as applied to any circumstance, under the laws of any jurisdiction that may govern for such purpose, or if any provision of this Agreement or the Plan needs to be interpreted to comply with the requirements of Section 409A, then such provision shall be deemed to be modified or restricted, or so interpreted, to the extent and in the manner necessary to render the same valid and enforceable, or to the extent and in the manner necessary to be interpreted in compliance with such requirements of the Code, either generally or as applied to such circumstance, or shall be deemed excised from this Agreement or the Plan, as the case may require, and this Agreement or the Plan shall be construed and enforced to the maximum extent permitted by law as if such provision had been originally incorporated herein as so modified or restricted, or as if such provision had not been originally incorporated herein, as the case may be.

(iii) Notwithstanding any other provision of this Agreement, if at the time of the Participant's termination of employment, the Participant is a "specified employee," determined in accordance with Section 409A, any payments and benefits provided under this Agreement that constitute "nonqualified deferred compensation" subject to Section 409A that are provided to the Participant on account of separation from service shall not be paid until the first payroll date to occur following the six-month anniversary of the Participant's termination date ("Specified Employee Payment Date"). The aggregate amount of any payments that would otherwise have been made during such six-month period shall be paid in a lump sum on the Specified Employee Payment Date without interest. If the Participant dies before the Specified Employee Payment Date, any delayed payments shall be paid to the Participant's beneficiary in a lump sum within upon the Participant's death.

(k) Provisions Related to Golden Parachute Excise Tax.

(i) Change in Control When the Shares are Not Publicly Traded. Notwithstanding anything to the contrary contained in this Agreement, to the extent that, upon a Change in Control prior to the time at which the Shares have become publicly traded, any of the payments and benefits provided for under the Plan, any Award Agreement or any other agreement or arrangement between the Company or any of its Affiliates and the Participant (collectively, the “Payments”) would constitute a “parachute payment” within the meaning of section 280G of the Code (a “Parachute Payment”), the amount of such Payments shall be reduced to the amount (the “Safe Harbor Amount”) that would result in no portion of the Payments being treated as an excess parachute payment pursuant to section 280G of the Code (the “Excise Tax”). If, upon a Change in Control prior to the time at which the Shares have become publicly traded, the Parachute Payments that would otherwise be reduced or eliminated, as the case may be, pursuant to this Section 11(k)(i) could be paid without the loss of a deduction under Section 280G of the Code if the shareholder approval exception to treatment as a Parachute Payment can be and is satisfied, then the Company shall use its reasonable best efforts to cause such Parachute Payments to be submitted for such approval in accordance with Section 280G(b)(5)(B) prior to the Change in Control giving rise to such Parachute Payments. If such approval is received, any reduction or forfeiture pursuant to this Section 11(k)(i) shall be reversed, and the subject amount shall be payable to the Participant without regard to this Section 11(k).

(ii) Change in Control When the Shares are Publicly Traded. If upon a Change in Control occurring at any time that the Shares are publicly traded, any Payments would constitute Parachute Payments, then, if and solely to the extent that reducing the benefits payable hereunder would result in the Participant’s receiving a greater amount, on an after-tax basis, taking into account any Excise Tax and all applicable income, employment and other taxes payable on such amounts, the amounts payable hereunder shall be reduced or eliminated, as the case may be, so that the total amount of Parachute Payments received by the Participant do not exceed the Safe Harbor Amount.

(iii) Order of Reduction in Payments. Any reduction in the amount of compensation or benefits effected pursuant to this Section 11(k) shall first come, in order and, in each case, solely to the extent necessary, from any cash severance benefits payable to the Participant, then from any other payments which are treated in their entirety as Parachute Payments and then from any other Parachute Payments payable to the Participant with the later possible payment or vesting date being reduced or eliminated before a payment or benefit with an earlier payment or vesting date; provided that if the foregoing order of reduction or elimination would violate Section 409A, then the reduction shall be made pro rata among the payments or benefits otherwise due or payable to the Participant.

(l) Consent to Electronic Delivery; Electronic Signature.

In lieu of receiving documents in paper format, the Participant accepts the electronic delivery of any documents by the Company, or any third party involved in administering the Plan that the Company may designate, may deliver in connection with this Award (including the Plan, this Agreement, account statements, or other communications or information) whether via the Company's intranet or the internet site of such third party or via email or such other means of electronic delivery specified by the Company. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or any third party involved in administering the Plan that the Company may designate and agrees that the Participant's electronic signature is the same as, and shall have the same force and effect as, the Participant's manual signature.

## ELECTRONIC ACCEPTANCE

By the Participant's electronic acceptance hereof, the Participant and the Company agree that this Award is granted and governed by the terms and conditions of the Plan and this Agreement.

By the Participant's electronic acceptance hereof, the Participant agrees that in lieu of receiving documents in paper format, the Participant accepts the electronic delivery of any documents by the Company, or any third party involved in administering the Plan that the Company may designate, may deliver in connection with this Award (including the Plan, this Agreement, account statements, or other communications or information) whether via the Company's intranet or the internet site of such third party or via email or such other means of electronic delivery specified by the Company. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or any third party involved in administering the Plan that the Company may designate.

## CENTENE CORPORATION

**Restricted Stock Unit Agreement Granted Under  
2012 Stock Incentive Plan, As Amended**

THIS AGREEMENT is entered into by Centene Corporation, a Delaware corporation (hereinafter the “Company”), and <<Participant Name>> (hereinafter the “Participant”).

WHEREAS, the Participant renders important services to the Company and acquires access to Confidential Information (as defined below) of the Company in connection with the Participant’s relationship with the Company; and

WHEREAS, the Company desires to align the long-term interests of its valued employees with those of the Company by providing the ownership interest granted herein and to prevent former employees whose interest may become adverse to the Company from maintaining an ownership interest in the Company;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements herein contained, the parties hereto hereby agree as follows:

1. Grant of RSUs.

This Agreement evidences the grant by the Company on <<Grant Date>> (or the “Grant Date”) to <<Participant Name>> of <<RSU#>> restricted stock units (each an “RSU,” and collectively the “RSUs”) pursuant to the Company’s 2012 Stock Incentive Plan, as Amended (the “Plan”), that will settle in shares of common stock, \$.001 par value per share, of the Company (“Common Stock”), as provided in this Agreement. The shares of Common Stock that are issuable upon vesting of the RSUs are referred to in this Agreement as “Shares.”

2. Vesting.

Subject to Section 3 of this Agreement, the table outlined on the last page of this Agreement (the “Appendix”) sets forth each date upon which RSUs shall become vested (each such date, a “Vesting Date”), provided that the Continuous Service of Participant continues through and on the applicable Vesting Date.

**#VestingDateandQuantity#**

3. Reorganization Event.

The foregoing vesting schedule notwithstanding, if a Change in Control (as defined below) occurs and the Participant’s employment with the Company (and any parent or subsidiary thereof) is terminated by the Company (or a parent or subsidiary thereof) without Cause (as defined below) or by the Participant for Good Reason (as defined below), and the Participant’s date of termination occurs (or in the case of the Participant’s termination of employment for Good Reason, the event giving rise to Good Reason occurs) within 24 months following the Change in Control, all unvested RSUs shall automatically become 100% vested and shall be paid on the Participant’s date of termination (“CIC Termination Payment”). 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 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 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 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. To the extent required to avoid the adverse tax consequences under Section 409A of the Code (“Section 409A”), a Change in Control shall be deemed to have occurred only if it meets the foregoing requirements and meets the requirements for a change in control event under Section 409A. “Cause” shall include acts or omissions that the Company determines, after affording the Participant an opportunity to be heard, (i) are criminal, dishonest, fraudulent, constitute misconduct, or reflect negatively on the reputation of the Company (including any parent, subsidiary, affiliate or division of the Company); (ii) could expose the Company or any parent, subsidiary, affiliate or division of the Company to claims of illegal harassment or discrimination in employment; (iii) are material breaches of this Agreement or other agreement with the Company; or (iv) reflect continued and repeated failure to perform substantially the duties of his/her employment. “Good Reason” means: (a) if the Participant is a party to an employment or service agreement with the Company or its affiliates and such agreement provides for a definition of Good Reason, the definition contained therein; or (b) if no such agreement exists or if such agreement does not define Good Reason, the occurrence of one or more of the following without the Participant's express written consent, which circumstances are not remedied by the Company within thirty (30) days of its receipt of a written notice from the Participant describing the applicable circumstances (which notice must be provided by the Participant within ninety (90) days of the Participant's knowledge of the applicable circumstances): (i) any material, adverse change in the Participant's responsibilities, authority, title, status or reporting structure; (ii) a material reduction in the Participant's base salary or short-term cash incentive opportunity; or (iii) a geographical relocation of the Participant's principal office location by more than fifty (50) miles; provided that, the Participant in fact terminates employment for Good Reason within one hundred fifty (150) days following the initial existence of the circumstances giving rise to such Good Reason.

4. Distribution of Shares.

(a) Timing of Distribution. The Company will distribute to the Participant (or to the Participant's beneficiary in the event of the death of the Participant occurring after a Vesting Date but before distribution of the corresponding Shares), as soon as administratively practicable after each Vesting Date, the Shares represented by RSUs that vested on such Vesting Date, except that, payment shall occur earlier and extinguish any further payment on any future Vesting Date in the event that a CIC Termination Payment occurs or payment on death or disability occurs in accordance with Section 4(c).

(b) No Fractional Shares. No fractional Shares shall be issuable pursuant to any RSU. In lieu of any fractional shares to which the Participant would otherwise be entitled, the Company may, in its discretion, determine whether to pay, in lieu of such fractional Share, cash in an amount equal to such fractional Share multiplied by the Fair Market Value (as defined in the Plan) of a share of Common Stock, or whether any such fractional Share should be rounded down to the nearest whole Share, forfeited without consideration therefor, or otherwise eliminated.

(c) Termination of Employment. In the event that the Participant's employment with the Company (and any parent or subsidiary thereof) is terminated for any reason by the Company or by the Participant other than by reason of death or disability (within the meaning of Section 409A(a)(2)(c) of the Internal Revenue Code of 1986, as amended (the "Code")) or Qualified Retirement (as defined below), the RSUs shall cease vesting as of the date of termination. In the event the Participant's employment with the Company (and any parent or subsidiary thereof) is terminated by reason of death or disability (as defined previously in this Section 4(c)), the pro-rata amount of RSUs, attributable to the number of completed months employed between the grant date and the termination date shall immediately vest and be paid on the date of such death or disability (or within 30 days thereafter). In the event the Participant's employment with the Company (and any parent or subsidiary thereof) is terminated by reason of a Qualified Retirement, the RSUs shall cease vesting one year following the date of termination, and any RSUs that vest during such one-year period shall be payable on the applicable Vesting Date on which they otherwise would have been paid in accordance with Section 4(a). A Qualified Retirement is a retirement made pursuant to a bona-fide notice of retirement made 90 days in advance, by a Participant who is at least 55 years old and has been employed at the Company for at least 10 years.

(d) Compliance Restrictions. The Company shall not be obligated to issue to the Participant the Shares upon the vesting of any RSU (or otherwise) unless (i) the Participant has complied with covenants set forth in Section 9 of this Agreement and (ii) the issuance and delivery of such Shares shall comply with all relevant provisions of law and other legal requirements including any applicable federal or state securities laws and the requirements of any stock exchange or quotation system upon which Common Stock may then be listed or quoted.

5. Restrictions on Transfer.

The RSUs may not be sold, assigned, transferred, pledged or otherwise encumbered by the Participant, either voluntarily or by operation of law, except to the Participant's beneficiary as provided in Section 4(a) in the event of the Participant's death. The Participant's beneficiary can

be designated and recorded with the Company's stock plan administrator or, if no election is made with the stock plan administrator, Shares will be distributed to the Participant's beneficiary under the Centene Management Corporation Retirement Plan. In the absence of any such beneficiary designation, benefits remaining unpaid at the Participant's death shall be paid to the Participant's executor, administrator, or legal representative.

6. No Rights as a Stockholder; Dividend Equivalents

Except as set forth in the Plan, neither the Participant nor any person claiming under or through the Participant shall be, or shall have any rights or privileges of, a stockholder of the Company in respect of any Share issuable pursuant to the RSUs granted hereunder until such Share has been delivered to the Participant. Notwithstanding the foregoing or any provision of the Plan to the contrary, to the extent dividends are paid on shares of Common Stock and such dividends have a record date that is on or after the Grant Date but prior to the distribution of the Shares pursuant to the vesting of the RSUs, then the Participant shall be credited with an amount equivalent to the dividends that would have been paid to the Participant for each RSU granted to the Participant pursuant to this Agreement, as determined by the Compensation Committee in its sole discretion ("Dividend Equivalents"), and such Dividend Equivalents shall be subject to the same vesting and forfeiture restrictions as the RSUs to which they are attributable. Any such Dividend Equivalents shall be paid in cash on any Shares delivered in connection with vested RSUs, subject to applicable tax withholding, no later than thirty days after the RSUs to which such Dividend Equivalents are attributable are distributed; *provided*, that no interest or other earnings will be credited to the Participant with respect to any such Dividend Equivalents.

7. Withholding Taxes; Section 83(b) Election.

(a) No Shares will be delivered pursuant to the vesting of an RSU unless and until the Participant pays to the Company, or makes provision satisfactory to the Company for payment of, the amount required or permitted by federal, state, local and/or foreign tax laws to be withheld with respect to the vesting or settlement of such RSU; *provided*, that, notwithstanding the foregoing, the Participant shall be permitted, with the Company's consent, to satisfy the applicable tax obligations with respect to any shares of RSUs by net share settlement, pursuant to which the Company shall repurchase the largest whole number of shares of RSUs having a Fair Market Value (as defined in the Plan) equal to the applicable tax obligations.

(b) The Participant acknowledges that no election under Section 83(b) of the Code may be filed with respect to the RSUs.

8. Provisions of the Plan.

The RSUs are subject to the provisions of the Plan, a copy of which is being furnished to the Participant with this Agreement.

9. Participant's Covenants.

For and in consideration of the delivery of this Agreement, the Participant agrees to the provisions of this Section 9.



(a) Confidential Information. As used in this Agreement, “Confidential Information” shall mean the Company’s trade secrets and other non-public proprietary information relating to the Company or the business of the Company, including information relating to financial statements, customer lists and identities, potential customers, customer contacts, employee skills and compensation, employee data, suppliers, acquisition targets, servicing methods, equipment, programs, strategies and information, analyses, marketing plans and strategies, profit margins, financial, promotional, marketing, training or operational 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 Participant.

(b) Non-Disclosure. The Participant 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, and that during employment with the Company and at all times thereafter, the Participant shall not, directly or indirectly, disclose to any competitor or other person or entity (other than current employees of the Company) any Confidential Information that the Participant obtains while performing services for the Company, except as may be required in the Participant’s reasonable judgment to fulfill his duties hereunder or to comply with any applicable legal obligation.

(c) Non-Competition; Non-Solicitation.

(i) During Participant’s employment with the Company and for the period of six (6) months (or, if longer, the post-termination period specified in any individual severance or employment agreement, as applicable, to which the Participant is a party) immediately after the termination of Participant’s employment with the Company (including any parent, subsidiary, affiliate or division of the Company) for any reason whatsoever, and whether voluntary or involuntary, Participant shall not invest in (other than in a publicly traded company with a maximum investment of no more than 1% of outstanding shares), counsel, advise, consult, be employed or otherwise engaged 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 of the Company is engaged, and in which the Participant was engaged, participated in or about which the Participant learned Confidential Information during the Participant’s last thirty-six (36) months of employment, or (B) any other area of business for which the Company or any affiliate of the Company has taken substantial steps towards becoming engaged, and in which the Participant was engaged, participated in or about which the Participant learned Confidential Information during the Participant’s last 36 months of employment. Because the Company and its affiliates engage in business nationwide, the obligations under this Section 9(c)(i) shall apply nationwide (anywhere in the United States). Notwithstanding the foregoing, the Participant 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 the Participant provides services does not engage in such business activities.

(ii) During the Participant’s employment with the Company (or any parent, subsidiary, affiliate or division of the Company) and for the period of twelve months immediately after the termination of the Participant’s employment with the Company (or any parent, subsidiary, affiliate or division of the Company) for any cause whatsoever, and whether voluntary or involuntary (“Restricted Period”), the Participant will not, either directly or

indirectly, either for himself 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, vendors or suppliers of the Company that (at any time during the last three years of the Participant's employment) the Participant had dealings with, or responsibility for, or as to which the Participant had access to the Company's (or any affiliate of the Company's) Confidential Information or such customers', providers', vendors' or suppliers' confidential information.

(iii) The Participant shall not, at any time during the Restricted Period, without the prior written consent of the Company, (i) directly or indirectly, solicit, recruit 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 months an employee, representative, officer or director of the Company (or any parent, subsidiary, affiliate or division of the Company); or (ii) take any action to encourage or induce any employee, representative, officer or director of the Company (or any parent, subsidiary, affiliate or division of the Company) to cease their relationship with the Company (or any parent, subsidiary, affiliate or division of the Company) for any reason. Notwithstanding the foregoing, the Participant shall not violate this Section 9(c)(iii) by advertising not specifically targeted at any of the Company's employees and serving as a reference upon request.

(iv) This Section 9(c) shall not apply if a "Change in Control" (as defined in Section 3) occurs.

(d) Enforcement. If any of the provisions or subparts of this Section 9 shall be held to be invalid or unenforceable by a court of competent jurisdiction, 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 9 is held to be overbroad or unreasonable as written, the parties agree that the applicable provision should be considered to be amended to reflect the maximum period, scope or geographical area deemed reasonable and enforceable by the court and enforced as amended.

(e) Remedy for Breach.

(i) Because the Participant's services are unique and because the Participant has access to the Company's Confidential Information, the parties agree that any breach or threatened breach of this Section 9 will cause irreparable harm to the Company 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 9, and in addition to all other rights and remedies available to it, the Company may apply to any court of competent jurisdiction 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 9.

(ii) The Participant shall immediately repay to the Company a cash sum in the principal amount equal to all gross proceeds (before-tax) realized by Participant upon the sale or other disposition of the Shares occurring at any time during the period commencing on the date that is three years before the date of termination of the Participant's employment with the Company and all Subsidiaries of the Company and ending on the date of the Participant's breach or threatened breach of this Section 9 (the "Refund Period"), together with interest accrued thereon, from the date of such breach or threatened breach, at the prime rate

(compounded calendar monthly) as published from time to time in The Wall Street Journal, electronic edition (“Interest”); and

(iii) The Participant shall repay to the Company a cash sum equal to the fair market value of all of the Shares transferred by the Participant as a gift or gifts at any time during the Refund Period, together with Interest, and for which purpose, “fair market value” shall be the Fair Market Value of one share of Common Stock on the date such gift occurs.

(iv) The Participant acknowledges and agrees that nothing contained herein shall be construed to be an excessive remedy to prohibit the Company from pursuing any other remedies available to it for such actual or threatened breach, including the recovery of money damages, proximately caused by the Participant’s breach of this Section 9.

(f) Survival. The provisions of this Section 9 shall survive and continue in full force in accordance with their terms notwithstanding any forfeiture, termination or expiration of this Agreement in accordance with its terms or any termination of the Participant’s employment for any reason (whether voluntary or involuntary).

10. 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 5 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 delivery to a United States Post Office, by registered or certified mail, postage prepaid, addressed to the other party hereto at the address shown beneath his 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 paragraph (d).

(e) Entire Agreement. This Agreement and the Plan constitute the entire agreement between the parties, and supersede all prior agreements and understandings, relating to the RSUs.

(f) 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; and (iv) is fully aware of the legal and binding effect of this Agreement.

(g) Unfunded Rights. The right of the Participant to receive Common Stock pursuant to this Agreement is an unfunded and unsecured obligation of the Company. The Participant shall have no rights under this Agreement other than those of an unsecured general creditor of the Company.

(h) Deferral. Neither the Company nor the Participant may defer delivery of any Shares issuable under unvested RSUs except to the extent that such deferral complies with the provisions of Section 409A of the Code.

(i) Clawback. By accepting the grant of the RSUs hereunder, the Participant is agreeing to be bound by the Company's clawback policies and procedures, as in effect or as may be adopted and/or modified from time to time by the Company in its discretion (including, without limitation, to comply with applicable law or stock exchange listing requirements).

(j) Section 409A.

(i) This Agreement is intended to comply with the requirements of Section 409A, including the exceptions thereto, and shall be construed and administered in accordance with such intent. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement in connection with a termination of employment shall only be made if such termination of employment constitutes a "separation from service" under Section 409A. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with Section 409A.

(ii) If any provision of this Agreement or the Plan shall be invalid or unenforceable, in whole or in part, or as applied to any circumstance, under the laws of any jurisdiction that may govern for such purpose, or if any provision of this Agreement or the Plan needs to be interpreted to comply with the requirements of Section 409A, then such provision shall be deemed to be modified or restricted, or so interpreted, to the extent and in the manner necessary to render the same valid and enforceable, or to the extent and in the manner necessary to be interpreted in compliance with such requirements of the Code, either generally or as applied to such circumstance, or shall be deemed excised from this Agreement or the Plan, as the case may require, and this Agreement or the Plan shall be construed and enforced to the maximum extent permitted by law as if such provision had been originally incorporated herein as so modified or restricted, or as if such provision had not been originally incorporated herein, as the case may be.

(iii) Notwithstanding any other provision of this Agreement, if at the time of the Participant's termination of employment, the Participant is a "specified employee," determined in accordance with Section 409A, any payments and benefits provided under this Agreement that constitute "nonqualified deferred compensation" subject to Section 409A that are provided to the Participant on account of separation from service shall not be paid until the first payroll date to occur following the six-month anniversary of the Participant's termination date ("Specified Employee Payment Date"). The aggregate amount of any payments that would

otherwise have been made during such six-month period shall be paid in a lump sum on the Specified Employee Payment Date without interest. If the Participant dies before the Specified Employee Payment Date, any delayed payments shall be paid to the Participant's beneficiary in a lump sum within upon the Participant's death.

(k) Provisions Related to Golden Parachute Excise Tax.

(i) Change in Control When the Shares are Not Publicly Traded. Notwithstanding anything to the contrary contained in this Agreement, to the extent that, upon a Change in Control prior to the time at which the Shares have become publicly traded, any of the payments and benefits provided for under the Plan, any Award Agreement or any other agreement or arrangement between the Company or any of its Affiliates and the Participant (collectively, the "Payments") would constitute a "parachute payment" within the meaning of section 280G of the Code (a "Parachute Payment"), the amount of such Payments shall be reduced to the amount (the "Safe Harbor Amount") that would result in no portion of the Payments being treated as an excess parachute payment pursuant to section 280G of the Code (the "Excise Tax"). If, upon a Change in Control prior to the time at which the Shares have become publicly traded, the Parachute Payments that would otherwise be reduced or eliminated, as the case may be, pursuant to this Section 11(k)(i) could be paid without the loss of a deduction under Section 280G of the Code if the shareholder approval exception to treatment as a Parachute Payment can be and is satisfied, then the Company shall use its reasonable best efforts to cause such Parachute Payments to be submitted for such approval in accordance with Section 280G(b)(5)(B) prior to the Change in Control giving rise to such Parachute Payments. If such approval is received, any reduction or forfeiture pursuant to this Section 11(k)(i) shall be reversed, and the subject amount shall be payable to the Participant without regard to this Section 11(k).

(ii) Change in Control When the Shares are Publicly Traded. If upon a Change in Control occurring at any time that the Shares are publicly traded, any Payments would constitute Parachute Payments, then, if and solely to the extent that reducing the benefits payable hereunder would result in the Participant's receiving a greater amount, on an after-tax basis, taking into account any Excise Tax and all applicable income, employment and other taxes payable on such amounts, the amounts payable hereunder shall be reduced or eliminated, as the case may be, so that the total amount of Parachute Payments received by the Participant do not exceed the Safe Harbor Amount.

(iii) Order of Reduction in Payments. Any reduction in the amount of compensation or benefits effected pursuant to this Section 11(k) shall first come, in order and, in each case, solely to the extent necessary, from any cash severance benefits payable to the Participant, then from any other payments which are treated in their entirety as Parachute Payments and then from any other Parachute Payments payable to the Participant with the later possible payment or vesting date being reduced or eliminated before a payment or benefit with an earlier payment or vesting date; provided that if the foregoing order of reduction or elimination would violate Section 409A, then the reduction shall be made pro rata among the payments or benefits otherwise due or payable to the Participant.

(l) Consent to Electronic Delivery; Electronic Signature.

In lieu of receiving documents in paper format, the Participant accepts the electronic delivery of any documents by the Company, or any third party involved in administering the Plan that the Company may designate, may deliver in connection with this Award (including the Plan, this Agreement, account statements, or other communications or information) whether via the Company's intranet or the internet site of such third party or via email or such other means of electronic delivery specified by the Company. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or any third party involved in administering the Plan that the Company may designate and agrees that the Participant's electronic signature is the same as, and shall have the same force and effect as, the Participant's manual signature.

## ELECTRONIC ACCEPTANCE

By the Participant's electronic acceptance hereof, the Participant and the Company agree that this Award is granted and governed by the terms and conditions of the Plan and this Agreement.

By the Participant's electronic acceptance hereof, the Participant agrees that in lieu of receiving documents in paper format, the Participant accepts the electronic delivery of any documents by the Company, or any third party involved in administering the Plan that the Company may designate, may deliver in connection with this Award (including the Plan, this Agreement, account statements, or other communications or information) whether via the Company's intranet or the internet site of such third party or via email or such other means of electronic delivery specified by the Company. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or any third party involved in administering the Plan that the Company may designate.

## CENTENE CORPORATION

**Performance-Based Restricted Stock Unit Agreement Granted Under  
2012 Stock Incentive Plan, As Amended**

THIS AGREEMENT is entered into by Centene Corporation, a Delaware corporation (hereinafter the “Company”), and <<Participant Name>> (hereinafter the “Participant”).

WHEREAS, the Participant renders important services to the Company and acquires access to Confidential Information (as defined below) of the Company in connection with the Participant’s relationship with the Company; and

WHEREAS, the Company desires to align the long-term interests of its valued employees with those of the Company by providing the ownership interest granted herein and to prevent former employees whose interest may become adverse to the Company from maintaining an ownership interest in the Company;

NOW, THEREFORE, in consideration of the foregoing and the mutual agreements herein contained, the parties hereto hereby agree as follows:

1. Grant of RSUs.

This Agreement evidences the grant by the Company on the <<Grant Date>> (or the “Grant Date”) to <<Participant Name>> of <<PSU Target \$>> restricted stock units (each an “RSU,” and collectively the “RSUs”) pursuant to the Company’s 2012 Stock Incentive Plan, as Amended (the “Plan”), that will settle in shares of common stock, \$.001 par value per share, of the Company (“Common Stock”), as provided in this Agreement. The shares of Common Stock that are issuable upon vesting of the RSUs are referred to in this Agreement as “Shares.”

2. Performance Condition and Vesting.

(a) The RSUs vest on <<Vest Date>>, subject to satisfying the performance conditions set forth on Exhibit A and on the Participant’s continued employment with the Company through << Date>>. For each RSU earned as set forth on Exhibit A, the Participant will be entitled to receive between zero and two Shares, based upon the level of achievement of the applicable performance conditions in the manner set forth on Exhibit A.

3. Reorganization Event.

The foregoing vesting schedule notwithstanding, if a Change in Control (as defined below) occurs and the Participant’s employment with the Company (and any parent or subsidiary thereof) is terminated by the Company (or a parent or subsidiary thereof) without Cause (as defined below) or by the Participant for Good Reason (as defined below), and the Participant’s date of termination occurs (or in the case of the Participant’s termination of employment for Good Reason, the event giving rise to Good Reason occurs) within 24 months following the Change in Control, all of the RSUs that are not vested at the time of the Participant’s 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, and other vesting criteria shall be deemed met as of the date of the Participant’s termination. 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 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 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 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. To the extent required to avoid the adverse tax consequences under Section 409A of the Code (“Section 409A”), a Change in Control shall be deemed to have occurred only if it meets the foregoing requirements and meets the requirements for a change in control event under Section 409A. “Cause” shall include acts or omissions that the Company determines, after affording the Participant an opportunity to be heard, (i) are criminal, dishonest, fraudulent, constitute misconduct, or reflect negatively on the reputation of the Company (including any parent, subsidiary, affiliate or division of the Company); (ii) could expose the Company or any parent, subsidiary, affiliate or division of the Company to claims of illegal harassment or discrimination in employment; (iii) are material breaches of this Agreement or other agreement with the Company; or (iv) reflect continued and repeated failure to perform substantially the duties of his/her employment. “Good Reason” means: (a) if the Participant is a party to an employment or service agreement with the Company or its affiliates and such agreement provides for a definition of Good Reason, the definition contained therein; or (b) if no such agreement exists or if such agreement does not define Good Reason, the occurrence of one or more of the following without the Participant's express written consent, which circumstances are not remedied by the Company within thirty (30) days of its receipt of a written notice from the Participant describing the applicable circumstances (which notice must be provided by the Participant within ninety (90) days of the Participant's knowledge of the applicable circumstances): (i) any material, adverse change in the Participant's responsibilities, authority, title, status or reporting structure; (ii) a material reduction in the Participant's base salary or short-term cash incentive opportunity; or (iii) a geographical relocation of the Participant's principal office location by more than fifty (50) miles; provided that, the Participant in fact terminates employment for Good Reason within one hundred fifty (150) days following the initial existence of the circumstances giving rise to such Good Reason.

#### 4. Distribution of Shares.

(a) Timing of Distribution. The Company will distribute to the Participant (or to the Participant's beneficiary in the event of the death of the Participant occurring after a vesting date but before distribution of the corresponding Shares), as soon as administratively practicable after <<Vest Date>>, the Shares represented by RSUs that vested on such vesting date.

(b) No Fractional Shares. No fractional Shares shall be issuable pursuant to any RSU. In lieu of any fractional shares to which the Participant would otherwise be entitled, the Company may, in its discretion, determine whether to pay, in lieu of such fractional Share, cash in an amount equal to such fractional Share multiplied by the Fair Market Value (as defined in the Plan) of a share of Common Stock, or whether any such fractional Share should be rounded down to the nearest whole Share, forfeited without consideration therefor, or otherwise eliminated.

(c) Termination of Employment. In the event that the Participant's employment with the Company (and any parent or subsidiary thereof) is terminated for any reason by the Company or by the Participant other than by reason of death or disability (within the meaning of Section 409A(a)(2)(c) of the Internal Revenue Code of 1986, as amended (the "Code")) or Qualified Retirement (as defined below), the RSUs shall cease vesting as of the date of termination. In the event the Participant's employment with the Company (and any parent or subsidiary thereof) is terminated by reason of death or disability (as defined previously in this Section 4(c)), the pro-rata amount of RSUs at target performance level, based on the number of full months employed with the Company during the vesting period (as described in Exhibit A), shall immediately vest and be payable. In the event the Participant's employment with the Company (and any parent or subsidiary thereof) is terminated by reason of a Qualified Retirement, the pro-rata amount of RSUs, based on the number of full months employed with the Company during the vesting period, shall remain eligible to vest based on the Company's performance during the performance period compared to the metrics as described in Exhibit A. Any such RSUs which are earned shall be distributed in accordance with Section 4(a) above. A Qualified Retirement is a retirement made pursuant to a bona-fide notice of retirement made 90 days in advance by a Participant who is at least 55 years old and has been employed at the Company for at least 10 years.

(d) Compliance Restrictions. The Company shall not be obligated to issue to the Participant the Shares upon the vesting of any RSU (or otherwise) unless (i) the Participant has complied with covenants set forth in Section 9 of this Agreement and (ii) the issuance and delivery of such Shares shall comply with all relevant provisions of law and other legal requirements including any applicable federal or state securities laws and the requirements of any stock exchange or quotation system upon which Common Stock may then be listed or quoted.

#### 5. Restrictions on Transfer.

The RSUs may not be sold, assigned, transferred, pledged or otherwise encumbered by the Participant, either voluntarily or by operation of law, except to the Participant's beneficiary as provided in Section 4(a) in the event of the Participant's death. The Participant's beneficiary can be designated and recorded with the Company's stock plan administrator or, if no election is made with the stock plan administrator, Shares will be distributed to the Participant's beneficiary under the Centene Management Corporation Retirement Plan. In the absence of any such beneficiary

designation, benefits remaining unpaid at the Participant's death shall be paid to the Participant's executor, administrator, or legal representative.

6. Rights as a Stockholder; Dividend Equivalents.

Except as set forth in the Plan, neither the Participant nor any person claiming under or through the Participant shall be, or shall have any rights or privileges of, a stockholder of the Company in respect of any Share issuable pursuant to the RSUs granted hereunder until such Share has been delivered to the Participant. Notwithstanding the foregoing or any provision of the Plan to the contrary, to the extent dividends are paid on shares of Common Stock and such dividends have a record date that is on or after the Grant Date but prior to the distribution of the Shares pursuant to the vesting of the RSUs, then the Participant shall be credited with an amount equivalent to the dividends that would have been paid to the Participant for each RSU granted to the Participant pursuant to this Agreement (assuming maximum performance), as determined by the Compensation Committee in its sole discretion ("Dividend Equivalents"), and such Dividend Equivalents shall be subject to the same vesting and forfeiture restrictions as the RSUs to which they are attributable. Any such Dividend Equivalents shall be paid in cash on any Shares delivered in connection with vested RSUs, subject to applicable tax withholding, no later than thirty days after the RSUs to which such Dividend Equivalents are attributable are distributed; *provided*, that no interest or other earnings will be credited to the Participant with respect to any such Dividend Equivalents.

7. Withholding Taxes; Section 83(b) Election.

(a) No Shares will be delivered pursuant to the vesting of an RSU unless and until the Participant pays to the Company, or makes provision satisfactory to the Company for payment of, the amount required or permitted by federal, state, local and/or foreign tax laws to be withheld with respect to the vesting or settlement of such RSU; *provided*, that, notwithstanding the foregoing, the Participant shall be permitted, with the Company's consent, to satisfy the applicable tax obligations with respect to any shares of RSUs by net share settlement, pursuant to which the Company shall repurchase the largest whole number of shares of RSUs having a Fair Market Value (as defined in the Plan) equal to the applicable tax obligations.

(b) The Participant acknowledges that no election under Section 83(b) of the Code may be filed with respect to the RSUs.

8. Provisions of the Plan.

The RSUs are subject to the provisions of the Plan, a copy of which is being furnished to the Participant with this Agreement.

9. Participant's Covenants.

For and in consideration of the delivery of this Agreement, the Participant agrees to the provisions of this Section 9.

(a) Confidential Information. As used in this Agreement, "Confidential Information" shall mean the Company's trade secrets and other non-public proprietary information relating to the

Company or the business of the Company, including information relating to financial statements, customer lists and identities, potential customers, customer contacts, employee skills and compensation, employee data, suppliers, acquisition targets, servicing methods, equipment, programs, strategies and information, analyses, marketing plans and strategies, profit margins, financial, promotional, marketing, training or operational 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 Participant.

(b) Non-Disclosure. The Participant 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, and that during employment with the Company and at all times thereafter, the Participant shall not, directly or indirectly, disclose to any competitor or other person or entity (other than current employees of the Company) any Confidential Information that the Participant obtains while performing services for the Company, except as may be required in the Participant's reasonable judgment to fulfill his duties hereunder or to comply with any applicable legal obligation.

(c) Non-Competition; Non-Solicitation.

- (i) During Participant's employment with the Company and for the period of six (6) months (or, if longer, the post-termination period specified in any individual severance or employment agreement, as applicable, to which the Participant is a party) immediately after the termination of Participant's employment with the Company (including any parent, subsidiary, affiliate or division of the Company) for any reason whatsoever, and whether voluntary or involuntary, Participant shall not invest in (other than in a publicly traded company with a maximum investment of no more than 1% of outstanding shares), counsel, advise, consult, be employed or otherwise engaged 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 of the Company is engaged, and in which the Participant was engaged, participated in or about which the Participant learned Confidential Information during the Participant's last thirty-six (36) months of employment, or (B) any other area of business for which the Company or any affiliate of the Company has taken substantial steps towards becoming engaged, and in which the Participant was engaged, participated in or about which the Participant learned Confidential Information during the Participant's last 36 months of employment. Because the Company and its affiliates engage in business nationwide, the obligations under this Section 9(c)(i) shall apply nationwide (anywhere in the United States). Notwithstanding the foregoing, the Participant 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 the Participant provides services does not engage in such business activities.
- (ii) During the Participant's employment with the Company (or any parent, subsidiary, affiliate or division of the Company) and for the period of twelve months immediately after the termination of the Participant's employment with the

Company (or any parent, subsidiary, affiliate or division of the Company) for any cause whatsoever, and whether voluntary or involuntary ("Restricted Period"), the Participant will not, either directly or indirectly, either for himself 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, vendors or suppliers of the Company that (at any time during the last three years of the Participant's employment) the Participant had dealings with, or responsibility for, or as to which the Participant had access to the Company's (or any affiliate of the Company's) Confidential Information or such customers', providers', vendors' or suppliers' confidential information.

- (iii) The Participant shall not, at any time during the Restricted Period, without the prior written consent of the Company, (i) directly or indirectly, solicit, recruit 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 months an employee, representative, officer or director of the Company (or any parent, subsidiary, affiliate or division of the Company); or (ii) take any action to encourage or induce any employee, representative, officer or director of the Company (or any parent, subsidiary, affiliate or division of the Company) to cease their relationship with the Company (or any parent, subsidiary, affiliate or division of the Company) for any reason. Notwithstanding the foregoing, the Participant shall not violate this Section 9(c)(iii) by advertising not specifically targeted at any of the Company's employees and serving as a reference upon request.
- (iv) If the participant's employment ends by reason of a Qualified Retirement, the post-employment restrictions set forth in subsections 9(c)(i), (ii) and (iii) above shall continue until the later of (x) the date set forth in 9(c)(i), (ii) and (iii), as applicable, or (y) the expiration of the last performance period for which the Participant is receiving pro-rata vesting; provided that after the date set forth in subsection 9(c)(i), (ii) or (iii), as applicable, the sole remedies for the Company relating to a violation of the applicable post-employment restrictions shall be those set forth in subsections 9(e)(ii) and (iii) below.
- (v) This Section 9(c) shall not apply if a "Change in Control" (as defined in Section 3) occurs.

(d) **Enforcement.** If any of the provisions or subparts of this Section 9 shall be held to be invalid or unenforceable by a court of competent jurisdiction, 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 9 is held to be overbroad or unreasonable as written, the parties agree that the applicable provision should be considered to be amended to reflect the maximum period, scope or geographical area deemed reasonable and enforceable by the court and enforced as amended.

(e) Remedy for Breach.

(i) Because the Participant's services are unique and because the Participant has access to the Company's Confidential Information, the parties agree that any breach or threatened breach of this Section 9 will cause irreparable harm to the Company 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 9, and in addition to all other rights and remedies available to it, the Company may apply to any court of competent jurisdiction 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 9.

(ii) The Participant shall immediately repay to the Company a cash sum in the principal amount equal to all gross proceeds (before-tax) realized by Participant upon the sale or other disposition of the Shares occurring at any time during the period commencing on the date that is three years before the date of termination of the Participant's employment with the Company and all Subsidiaries of the Company and ending on the date of the Participant's breach or threatened breach of this Section 9 (the "Refund Period"), together with interest accrued thereon, from the date of such breach or threatened breach, at the prime rate (compounded calendar monthly) as published from time to time in The Wall Street Journal, electronic edition ("Interest"); and

(iii) The Participant shall repay to the Company a cash sum equal to the fair market value of all of the Shares transferred by the Participant as a gift or gifts at any time during the Refund Period, together with Interest, and for which purpose, "fair market value" shall be the Fair Market Value of one share of Common Stock on the date such gift occurs.

(iv) The Participant acknowledges and agrees that nothing contained herein shall be construed to be an excessive remedy to prohibit the Company from pursuing any other remedies available to it for such actual or threatened breach, including the recovery of money damages, proximately caused by the Participant's breach of this Section 9.

(f) Survival. The provisions of this Section 9 shall survive and continue in full force in accordance with their terms notwithstanding any forfeiture, termination or expiration of this Agreement in accordance with its terms or any termination of the Participant's employment for any reason (whether voluntary or involuntary).

10. 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 5 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 delivery to a United States Post Office, by registered or certified mail, postage prepaid, addressed to the other party hereto at the address shown beneath his 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 paragraph (d).

(e) Entire Agreement. This Agreement and the Plan constitute the entire agreement between the parties, and supersede all prior agreements and understandings, relating to the RSUs.

(f) 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; and (iv) is fully aware of the legal and binding effect of this Agreement.

(g) Unfunded Rights. The right of the Participant to receive Common Stock pursuant to this Agreement is an unfunded and unsecured obligation of the Company. The Participant shall have no rights under this Agreement other than those of an unsecured general creditor of the Company.

(h) Deferral. Neither the Company nor the Participant may defer delivery of any Shares issuable under unvested RSUs except to the extent that such deferral complies with the provisions of Section 409A of the Code.

(i) Clawback. By accepting the grant of the RSUs hereunder, the Participant is agreeing to be bound by the Company's clawback policies and procedures, as in effect or as may be adopted and/or modified from time to time by the Company in its discretion (including, without limitation, to comply with applicable law or stock exchange listing requirements).

(j) Section 409A.

(i) This Agreement is intended to comply with the requirements of Section 409A, including the exceptions thereto, and shall be construed and administered in accordance with such intent. Notwithstanding any other provision of this Agreement, payments provided under this Agreement may only be made upon an event and in a manner that complies with Section 409A or an applicable exemption. For purposes of Section 409A, each installment payment provided under this Agreement shall be treated as a separate payment. Any payments to be made under this Agreement in connection with a termination of employment shall only be made if such termination of employment constitutes a "separation from service" under Section 409A. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Section 409A and in no event shall the Company be liable for all or any portion of any taxes, penalties, interest or other expenses that may be incurred by the Participant on account of non-compliance with Section 409A.

(ii) If any provision of this Agreement or the Plan shall be invalid or unenforceable, in whole or in part, or as applied to any circumstance, under the laws of any jurisdiction that may govern for such purpose, or if any provision of this Agreement or the Plan needs to be interpreted to comply with the requirements of Section 409A, then such provision shall be deemed to be modified or restricted, or so interpreted, to the extent and in the manner necessary to render the same valid and enforceable, or to the extent and in the manner necessary to be interpreted in compliance with such requirements of the Code, either generally or as applied to such circumstance, or shall be deemed excised from this Agreement or the Plan, as the case may require, and this Agreement or the Plan shall be construed and enforced to the maximum extent permitted by law as if such provision had been originally incorporated herein as so modified or restricted, or as if such provision had not been originally incorporated herein, as the case may be.

(iii) Notwithstanding any other provision of this Agreement, if at the time of the Participant's termination of employment, the Participant is a "specified employee," determined in accordance with Section 409A, any payments and benefits provided under this Agreement that constitute "nonqualified deferred compensation" subject to Section 409A that are provided to the Participant on account of separation from service shall not be paid until the first payroll date to occur following the six-month anniversary of the Participant's termination date ("Specified Employee Payment Date"). The aggregate amount of any payments that would otherwise have been made during such six-month period shall be paid in a lump sum on the Specified Employee Payment Date without interest. If the Participant dies before the Specified Employee Payment Date, any delayed payments shall be paid to the Participant's beneficiary in a lump sum within upon the Participant's death.

(k) Provisions Related to Golden Parachute Excise Tax.

(i) Change in Control When the Shares are Not Publicly Traded. Notwithstanding anything to the contrary contained in this Agreement, to the extent that, upon a Change in Control prior to the time at which the Shares have become publicly traded, any of the payments and benefits provided for under the Plan, any Award Agreement or any other agreement or arrangement between the Company or any of its Affiliates and the Participant (collectively, the "Payments") would constitute a "parachute payment" within the meaning of section 280G of the Code (a "Parachute Payment"), the amount of such Payments shall be reduced to the amount (the "Safe Harbor Amount") that would result in no portion of the Payments being treated as an excess parachute payment pursuant to section 280G of the Code (the "Excise Tax"). If, upon a Change in Control prior to the time at which the Shares have become publicly traded, the Parachute Payments that would otherwise be reduced or eliminated, as the case may be, pursuant to this Section 11(k)(i) could be paid without the loss of a deduction under Section 280G of the Code if the shareholder approval exception to treatment as a Parachute Payment can be and is satisfied, then the Company shall use its reasonable best efforts to cause such Parachute Payments to be submitted for such approval in accordance with Section 280G(b)(5)(B) prior to the Change in Control giving rise to such Parachute Payments. If such approval is received, any reduction or



forfeiture pursuant to this Section 11(k)(i) shall be reversed, and the subject amount shall be payable to the Participant without regard to this Section 11(k).

(ii) **Change in Control When the Shares are Publicly Traded.** If upon a Change in Control occurring at any time that the Shares are publicly traded, any Payments would constitute Parachute Payments, then, if and solely to the extent that reducing the benefits payable hereunder would result in the Participant's receiving a greater amount, on an after-tax basis, taking into account any Excise Tax and all applicable income, employment and other taxes payable on such amounts, the amounts payable hereunder shall be reduced or eliminated, as the case may be, so that the total amount of Parachute Payments received by the Participant do not exceed the Safe Harbor Amount.

(iii) **Order of Reduction in Payments.** Any reduction in the amount of compensation or benefits effected pursuant to this Section 11(k) shall first come, in order and, in each case, solely to the extent necessary, from any cash severance benefits payable to the Participant, then from any other payments which are treated in their entirety as Parachute Payments and then from any other Parachute Payments payable to the Participant with the later possible payment or vesting date being reduced or eliminated before a payment or benefit with an earlier payment or vesting date; provided that if the foregoing order of reduction or elimination would violate Section 409A, then the reduction shall be made pro rata among the payments or benefits otherwise due or payable to the Participant.

11. Consent to Electronic Delivery; Electronic Signature. In lieu of receiving documents in paper format, the Participant accepts the electronic delivery of any documents by the Company, or any third party involved in administering the Plan that the Company may designate, may deliver in connection with this Award (including the Plan, this Agreement, account statements, or other communications or information) whether via the Company's intranet or the internet site of such third party or via email or such other means of electronic delivery specified by the Company. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or any third party involved in administering the Plan that the Company may designate, and agrees that the Participant's electronic signature is the same as, and shall have the same force and effect as, the Participant's manual signature.

## **ELECTRONIC ACCEPTANCE**

By the Participant's electronic acceptance hereof, the Participant and the Company agree that this Award is granted and governed by the terms and conditions of the Plan and this Agreement.

By the Participant's electronic acceptance hereof, the Participant agrees that in lieu of receiving documents in paper format, the Participant accepts the electronic delivery of any documents by the Company, or any third party involved in administering the Plan that the Company may designate, may deliver in connection with this Award (including the Plan, this Agreement, account statements, or other communications or information) whether via the Company's intranet or the internet site of such third party or via email or such other means of electronic delivery specified by the Company. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or any third party involved in administering the Plan that the Company may designate.

## CERTIFICATION

I, Sarah M. London, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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: April 25, 2023

/s/ SARAH M. LONDON  
Chief Executive Officer  
(principal executive officer)

## CERTIFICATION

I, Andrew L. Asher, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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: April 25, 2023

/s/ ANDREW L. ASHER

Executive Vice President, Chief Financial Officer  
(principal financial officer)

**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 Quarterly Report on Form 10-Q of Centene Corporation (the Company) for the period ended March 31, 2023, 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: April 25, 2023

/s/ SARAH M. LONDON  
Chief Executive Officer  
(principal executive officer)

**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 Quarterly Report on Form 10-Q of Centene Corporation (the Company) for the period ended March 31, 2023, 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: April 25, 2023

/s/ ANDREW L. ASHER

Executive Vice President, Chief Financial Officer  
(principal financial officer)