

CENTENE CORPORATION REPORTS 2011 FIRST QUARTER EARNINGS

ST. LOUIS, April 26, 2011 /PRNewswire/ -- Centene Corporation (NYSE: CNC) today announced its financial results for the quarter ended March 31, 2011. The discussions below, with the exception of cash flow information, are in the context of continuing operations and all financial ratios exclude premium taxes.

First Quarter Highlights

- Quarter-end managed care at-risk membership of 1,542,500, an increase of 71,200 members, or 4.8% year over year.
- Premium and Service Revenues of \$1.2 billion, representing 15.4% year over year growth.
- Health Benefits Ratio of 83.0%, compared to 84.0% in the prior year.
- General and Administrative expense ratio of 13.8%, compared to 13.3% in the prior year.
- Cash flow from operations of \$94.0 million, or 4.1 times net earnings.
- Diluted earnings per share from continuing operations of \$0.46 (which does not include earnings of \$0.07 per diluted share as a result of the delay in the recognition of our Mississippi contract discussed below), compared to \$0.41 in the prior year.

In January 2011, we began operating in Mississippi through the Mississippi Coordinated Access Network (MississippiCan) program, serving 33,100 members at March 31, 2011. While the plan has been operating since January 1, 2011 and we have received monthly premium payments and paid claims, the contract remains subject to CMS approval. Accordingly, we did not recognize revenue of \$54.5 million and associated medical costs, which delayed the recognition of earnings of approximately \$0.07 per diluted share. General and administrative expenses related to the Mississippi operations were recognized in our consolidated statement of operations. Upon CMS approval, the revenues, medical costs and related earnings from our Mississippi operations will be recognized in our consolidated statement of operations in the period final approval is obtained, retroactive to January 1, 2011.

Other Events

- In February 2011, we began operating under an agreement with Pima Health Systems in Arizona to administer their long-term care program on a non-risk basis.
- In February 2011, Superior HealthPlan began operating under an additional STAR+PLUS ABD contract in Texas in the Dallas service area.
- In March 2011, Standard & Poor's raised its counterparty credit and senior unsecured debt ratings on Centene Corporation to BB from BB-.
- In April 2011, CeltiCare Health Plan of Massachusetts, Inc. announced the renewal of its contract with the Commonwealth of Massachusetts to serve Commonwealth Care members, effective July 1, 2011. CeltiCare will continue to be one of the lowest-cost health plan options for low-income, working adults (up to 300% of the federal poverty level) enrolled in the Commonwealth Care program.

Michael F. Neidorff, Centene's Chairman and Chief Executive Officer, stated, "Our continued focus on fundamentals and enhanced systems capabilities drove solid first quarter performance and a favorable start in a year of opportunity."

The following table depicts membership in Centene's managed care organizations, by state, at March 31, 2011 and 2010:

| | March 31, | |
|----------------|------------------|-------------|
| | 2011 | 2010 |
| Arizona | 22,600 | 21,700 |
| Florida | 188,800 | 105,900 |
| Georgia | 303,300 | 301,000 |
| Indiana | 209,400 | 211,400 |
| Massachusetts | 34,100 | 26,900 |
| Ohio | 160,900 | 156,000 |
| South Carolina | 84,900 | 53,900 |
| Texas | 456,700 | 459,600 |

| | | |
|---------------------------------|-----------|-----------|
| Wisconsin | 81,800 | 134,900 |
| Total at-risk membership (1) | 1,542,500 | 1,471,300 |
| Non-risk membership | 10,400 | 62,200 |
| Total | 1,552,900 | 1,533,500 |

(1) In January 2011, we began operating in Mississippi through the Mississippi Coordinated Access Network (MississippiCan) program, serving 33,100 members at March 31, 2011. While the plan has been operating since January 1, 2011 and we have received monthly premium payments and paid claims, the contract remains subject to CMS approval.

The following table depicts membership in Centene's managed care organizations, by member category, at March 31, 2011 and 2010:

| | March 31, | |
|-----------------------------|-----------|-----------|
| | 2011 | 2010 |
| Medicaid | 1,169,700 | 1,088,300 |
| CHIP & Foster Care | 208,900 | 266,300 |
| ABD & Medicare | 123,800 | 87,100 |
| Hybrid Programs | 35,200 | 26,900 |
| Long-term Care | 4,900 | 2,700 |
| Total at-risk membership | 1,542,500 | 1,471,300 |
| Non-risk membership | 10,400 | 62,200 |
| Total | 1,552,900 | 1,533,500 |

Statement of Operations: Three Months Ended March 31, 2011

- For the first quarter of 2011, Premium and Service Revenues increased 15.4% to \$1,179.2 million from \$1,022.2 million in the first quarter of 2010. The increase was primarily driven by membership growth resulting from acquisitions in Florida and South Carolina, conversion of membership in Florida from Access to at-risk under Sunshine State Health Plan, as well as premium rate increases.
- Consolidated HBR of 83.0% for the first quarter of 2011 represents a decrease of 1.0% from the comparable period in 2010. The year over year improvement in HBR is due to rate increases and lower utilization levels in 2011. Consolidated HBR decreased 0.3% sequentially from the fourth quarter of 2010.
- Consolidated G&A expense as a percent of premium and service revenues was 13.8% in the first quarter of 2011, an increase from 13.3% in the first quarter of 2010. The 2011 G&A ratio reflects an increase of 0.6% as a result of including general and administrative expenses for Mississippi but not recording the Mississippi premium revenue discussed above.
- Earnings from continuing operations increased to \$39.1 million in 2011 from \$29.6 million in 2010, or 32.0% year over year. Net earnings from continuing operations were \$23.7 million, or \$0.46 per diluted share in 2011, compared to \$20.1 million, or \$0.41 per diluted share in the first quarter of 2010.

Balance Sheet and Cash Flow

At March 31, 2011, the Company had cash and investments of \$1,128.0 million, including \$1,096.3 million held by its regulated entities and \$31.7 million held by its unregulated entities. Medical claims liabilities totaled \$471.7 million, representing 44.4 days in claims payable. Total debt was \$305.4 million and debt to capitalization was 21.4% at March 31, 2011 excluding the \$79.6 million non-recourse mortgage note. Cash flows from operations were \$94.0 million, or 4.1 times net earnings.

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

| | |
|---|-------------|
| Days in claims payable, December 31, 2010 | 45.6 |
| Reduced time of claims processing and payment | (0.6) |
| Reduced utilization | (0.3) |
| Pharmacy | (0.3) |
| Days in claims payable, March 31, 2011 | <u>44.4</u> |

During the first quarter of 2011, we continued to experience increased electronic claims submissions and auto-adjudication of claims which reduced the average time from claims incurred to claims paid by 0.6 days.

Reduced utilization and the related absence of claims payable due to average completion time decreased days in claims payable by 0.3 days. Days in claims payable was also reduced by 0.3 days as a result of the timing of pharmacy claims payments. As we continue to experience increasing claims auto-adjudication (5% increase from the fourth quarter 2010 to the first quarter 2011) and EDI submission rates, our targeted range for days in claims payable is under review.

Outlook

The table below depicts the Company's annual guidance from continuing operations for 2011:

| | Full Year 2011 | |
|--|----------------|----------|
| | Low | High |
| Premium and Service Revenues (in millions) | \$ 4,900 | \$ 5,100 |
| Diluted EPS | \$ 2.03 | \$ 2.13 |
| Consolidated HBR | 83.5% | 84.5% |
| General & Administrative expense ratio | 12.4% | 12.9% |
| Diluted Shares Outstanding (in thousands) | 52,000 | |

Conference Call

As previously announced, the Company will host a conference call Tuesday, April 26, 2011, at 8:30 A.M. (Eastern Time) to review the financial results for the first quarter ended March 31, 2011, and to discuss its business outlook. Michael F. Neidorff and William N. Scheffel will host the conference call. Investors and other interested parties are invited to listen to the conference call by dialing 1-800-860-2442 in the U.S. and Canada; +1-412-858-4600 from abroad, or via a live, audio webcast on the Company's website at www.centene.com, under the Investors section. A webcast replay will be available for on-demand listening shortly after the completion of the call for the next twelve months until 11:59 PM (Eastern Time) on Tuesday, April 24, 2012, at the aforementioned URL. In addition, a digital audio playback will be available until 9:00 AM Eastern Time on Wednesday, May 4, 2011, by dialing 1-877-344-7529 the U.S. and Canada, or +1-412-317-0088 from abroad, and entering access code 449378.

About Centene Corporation

Centene Corporation, a Fortune 500 company, is a leading *multi-line* healthcare enterprise that provides programs and related services to the rising number of under-insured and uninsured individuals. Many receive benefits provided under Medicaid, including the State Children's Health Insurance Program (CHIP), as well as Aged, Blind or Disabled (ABD), Foster Care and long-term care, in addition to other state-sponsored/hybrid programs, and Medicare (Special Needs Plans). Centene's CeltiCare subsidiary offers states unique, "exchange based" and other cost-effective coverage solutions for low-income populations. The Company operates local health plans and offers a range of health insurance solutions. It also contracts with other healthcare and commercial organizations to provide specialty services including behavioral health, life and health management, managed vision, telehealth services, and pharmacy benefits management.

The information provided in this press release contains forward-looking statements that relate to future events

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

(Tables
Follow)

CENTENE CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)
(Unaudited)

| | March 31, 2011 | December 31, 2010 |
|--|---------------------------|----------------------------------|
| | | |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents of continuing operations | \$ 492,045 | \$ 433,914 |
| Cash and cash equivalents of discontinued operations | — | 252 |
| Total cash and cash equivalents | 492,045 | 434,166 |
| Premium and related receivables, net of allowance for uncollectible accounts of \$17 and \$17, respectively | 132,023 | 136,243 |
| Short-term investments, at fair value (amortized cost \$51,950 and \$21,141, respectively) | 52,699 | 21,346 |
| Other current assets | 67,062 | 64,154 |
| Current assets of discontinued operations other than cash | — | 912 |
| Total current assets | 743,829 | 656,821 |
| Long-term investments, at fair value (amortized cost \$548,013 and \$585,862, respectively) | 556,806 | 595,879 |
| Restricted deposits, at fair value (amortized cost \$26,502 and \$22,755, respectively) | 26,482 | 22,758 |
| Property, software and equipment, net of accumulated depreciation of \$148,051 and \$138,629, respectively | 334,180 | 326,341 |
| Goodwill | 278,105 | 278,051 |
| Intangible assets, net | 27,813 | 29,109 |
| Other long-term assets | 36,470 | 30,057 |
| Long-term assets of discontinued operations | — | 4,866 |
| Total assets | \$ 2,003,685 | \$ 1,943,882 |
| Current liabilities: | | |
| Medical claims liability | \$ 471,659 | \$ 456,765 |
| Accounts payable and accrued expenses | 214,900 | 185,218 |
| Unearned revenue | 127,451 | 117,344 |
| Current portion of long-term debt | 3,037 | 2,817 |
| Current liabilities of discontinued operations | — | 3,102 |
| Total current liabilities | 817,047 | 765,246 |
| Long-term debt | 302,326 | 327,824 |
| Other long-term liabilities | 53,116 | 53,378 |
| Long-term liabilities of discontinued operations | — | 379 |
| Total liabilities | 1,172,489 | 1,146,827 |
| Commitments and contingencies | | |
| Stockholders' equity: | | |
| Common stock, \$.001 par value; authorized 100,000,000 shares; 52,533,873 issued and 49,965,357 outstanding at March 31, 2011, and 52,172,037 issued and 49,616,824 outstanding at December 31, 2010 | 53 | 52 |
| Additional paid-in capital | 396,380 | 384,206 |

Accumulated other comprehensive income:

| | | |
|--|--------------|--------------|
| Unrealized gain on investments, net of tax | 5,969 | 6,424 |
| Retained earnings | 477,488 | 453,743 |
| Treasury stock, at cost (2,568,516 and 2,555,213 shares, respectively) | (50,888) | (50,486) |
| Total Centene stockholders' equity | 829,002 | 793,939 |
| Noncontrolling interest | 2,194 | 3,116 |
| Total stockholders' equity | 831,196 | 797,055 |
| Total liabilities and stockholders' equity | \$ 2,003,685 | \$ 1,943,882 |

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

| | Three Months Ended | |
|--|---------------------------|------------------|
| | March 31, | |
| | 2011 | 2010 |
| Revenues: | | |
| Premium | \$ 1,152,777 | \$ 999,315 |
| Service | 26,384 | 22,907 |
| Premium and service revenues | 1,179,161 | 1,022,222 |
| Premium tax | 37,196 | 46,499 |
| Total revenues | 1,216,357 | 1,068,721 |
| Expenses: | | |
| Medical costs | 957,074 | 839,708 |
| Cost of services | 20,176 | 17,152 |
| General and administrative expenses | 162,581 | 135,507 |
| Premium tax | 37,429 | 46,743 |
| Total operating expenses | 1,177,260 | 1,039,110 |
| Earnings from operations | 39,097 | 29,611 |
| Other income (expense): | | |
| Investment and other income | 3,749 | 7,057 |
| Interest expense | (5,695) | (3,813) |
| Earnings from continuing operations, before income tax expense | 37,151 | 32,855 |
| Income tax expense | 14,328 | 12,525 |
| Earnings from continuing operations, net of income tax expense | 22,823 | 20,330 |
| Discontinued operations, net of income tax expense of \$0 and \$4,440, respectively | — | 3,920 |
| Net earnings | 22,823 | 24,250 |
| Noncontrolling interest | (922) | 248 |
| Net earnings attributable to Centene Corporation | \$ 23,745 | \$ 24,002 |
| Amounts attributable to Centene Corporation common shareholders: | | |
| Earnings from continuing operations, net of income tax expense | \$ 23,745 | \$ 20,082 |
| Discontinued operations, net of income tax expense | — | 3,920 |
| Net earnings | \$ 23,745 | \$ 24,002 |
| Net earnings per share attributable to Centene Corporation: | | |
| Basic: | | |
| Continuing operations | \$ 0.48 | \$ 0.43 |
| Discontinued operations | — | 0.08 |
| Earnings per common share | \$ 0.48 | \$ 0.51 |
| Diluted: | | |
| Continuing operations | \$ 0.46 | \$ 0.41 |
| Discontinued operations | — | 0.08 |
| Earnings per common share | \$ 0.46 | \$ 0.49 |
| Weighted average number of shares outstanding: | | |
| Basic | 49,750,430 | 47,260,714 |

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

Three Months Ended March 31,
2011 2010

Cash flows from operating activities:

| | | |
|--|---------------|------------------|
| Net earnings | \$ 22,823 | \$ 24,250 |
| Adjustments to reconcile net earnings to net cash provided by operating activities | | |
| Depreciation and amortization | 14,325 | 12,527 |
| Stock compensation expense | 4,394 | 3,460 |
| Gain on sale of investments, net | (118) | (3,547) |
| Gain on sale of UHP | — | (8,201) |
| Deferred income taxes | (700) | 950 |
| Changes in assets and liabilities | | |
| Premium and related receivables | 4,216 | (4,457) |
| Other current assets | (1,636) | (1,375) |
| Other assets | 151 | 1,937 |
| Medical claims liabilities | 13,430 | (33,129) |
| Unearned revenue | 10,106 | (73,282) |
| Accounts payable and accrued expenses | 26,268 | 40,433 |
| Other operating activities | 732 | 1,934 |
| Net cash provided by (used in) operating activities | <u>93,991</u> | <u>(38,500)</u> |

Cash flows from investing activities:

| | | |
|---|------------------|------------------|
| Capital expenditures | (15,725) | (12,520) |
| Capital expenditures of Centene Center LLC | (1,157) | (10,579) |
| Purchases of investments | (40,423) | (146,935) |
| Proceeds from asset sales | — | 13,420 |
| Sales and maturities of investments | 45,327 | 117,469 |
| Investments in acquisitions, net of cash acquired | — | (2,019) |
| Net cash used in investing activities | <u>(11,978)</u> | <u>(41,164)</u> |

Cash flows from financing activities:

| | | |
|--|------------------|------------------|
| Proceeds from exercise of stock options | 6,518 | 519 |
| Proceeds from borrowings | 127,300 | 22,030 |
| Proceeds from stock offering | — | 104,557 |
| Payment of long-term debt | (152,577) | (97,136) |
| Distributions to noncontrolling interest | — | (3,585) |
| Excess tax benefits from stock compensation | 1,132 | 96 |
| Common stock repurchases | (402) | (480) |
| Debt issue costs | (6,105) | — |
| Net cash (used in) provided by financing activities | <u>(24,134)</u> | <u>26,001</u> |
| Net increase (decrease) in cash and cash equivalents | <u>57,879</u> | <u>(53,663)</u> |

Cash and cash equivalents, beginning of period

434,166 403,752

Cash and cash equivalents, end of period\$ 492,045 \$ 350,089

Supplemental disclosures of cash flow information:

| | | |
|-------------------|----------|----------|
| Interest paid | \$ 1,714 | \$ 345 |
| Income taxes paid | \$ 9,567 | \$ 8,272 |

Supplemental disclosure of non-cash investing and financing activities:

| | | |
|---|----------|--------|
| Contribution from noncontrolling interest | \$ — | \$ 306 |
| Capital expenditures | \$ 1,477 | \$ 789 |

CENTENE CORPORATION

CONTINUING OPERATIONS SUPPLEMENTAL FINANCIAL DATA

| | Q1 | Q4 | Q3 | Q2 | Q1 |
|------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| | 2011 | 2010 | 2010 | 2010 | 2010 |
| MEMBERSHIP | | | | | |
| Managed Care: | | | | | |
| Arizona | 22,600 | 22,400 | 22,300 | 22,100 | 21,700 |
| Florida | 188,800 | 194,900 | 116,300 | 113,100 | 105,900 |
| Georgia | 303,300 | 305,800 | 300,900 | 295,600 | 301,000 |
| Indiana | 209,400 | 215,800 | 213,300 | 212,700 | 211,400 |
| Massachusetts | 34,100 | 36,200 | 34,400 | 30,100 | 26,900 |
| Ohio | 160,900 | 160,100 | 161,800 | 159,300 | 156,000 |
| South Carolina | 84,900 | 90,300 | 90,600 | 92,600 | 53,900 |
| Texas | 456,700 | 433,100 | 428,100 | 475,500 | 459,600 |
| Wisconsin | 81,800 | 74,900 | 106,100 | 133,600 | 134,900 |
| Total at-risk membership (a) | <u>1,542,500</u> | <u>1,533,500</u> | <u>1,473,800</u> | <u>1,534,600</u> | <u>1,471,300</u> |
| Non-risk membership | 10,400 | 4,200 | 35,900 | 50,900 | 62,200 |
| TOTAL | <u>1,552,900</u> | <u>1,537,700</u> | <u>1,509,700</u> | <u>1,585,500</u> | <u>1,533,500</u> |

(a) In January 2011, we began operating in Mississippi through the Mississippi Coordinated Access Network (MississippiCan) program, serving 33,100 members at March 31, 2011. While the plan has been operating since January 1, 2011 and we have received monthly premium payments and paid claims, the contract remains subject to CMS approval.

| | | | | | |
|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Medicaid | 1,169,700 | 1,177,100 | 1,122,800 | 1,135,500 | 1,088,300 |
| CHIP & Foster Care | 208,900 | 210,500 | 219,100 | 272,400 | 266,300 |
| ABD & Medicare | 123,800 | 104,600 | 94,500 | 93,800 | 87,100 |
| Hybrid Programs | 35,200 | 36,200 | 34,400 | 30,100 | 26,900 |
| Long-term Care | 4,900 | 5,100 | 3,000 | 2,800 | 2,700 |
| Total at-risk membership | <u>1,542,500</u> | <u>1,533,500</u> | <u>1,473,800</u> | <u>1,534,600</u> | <u>1,471,300</u> |
| Non-risk membership | 10,400 | 4,200 | 35,900 | 50,900 | 62,200 |
| TOTAL | <u>1,552,900</u> | <u>1,537,700</u> | <u>1,509,700</u> | <u>1,585,500</u> | <u>1,533,500</u> |

Specialty Services(b):

Cenpatco Behavioral Health

| | | | | | |
|--------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Arizona | 172,700 | 174,600 | 121,300 | 119,700 | 119,300 |
| Kansas | 44,000 | 39,200 | 39,800 | 39,100 | 39,800 |
| TOTAL | <u>216,700</u> | <u>213,800</u> | <u>161,100</u> | <u>158,800</u> | <u>159,100</u> |

(b) Includes external membership only.

| | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|
| REVENUE PER MEMBER PER MONTH(c) | \$ 238.31 | \$ 239.66 | \$ 224.62 | \$ 218.40 | \$ 219.90 |
|--|-----------|-----------|-----------|-----------|-----------|

CLAIMS(c)

| | | | | | |
|---------------------------------|---------|---------|---------|---------|---------|
| Period-end inventory | 527,100 | 434,900 | 469,000 | 480,400 | 341,400 |
| Average inventory | 347,900 | 304,700 | 307,500 | 306,900 | 283,900 |
| Period-end inventory per member | 0.34 | 0.28 | 0.32 | 0.31 | 0.23 |

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

| | Q1 | Q4 | Q3 | Q2 | Q1 |
|-------------------------------|-------------|-------------|-------------|-------------|-------------|
| | 2011 | 2010 | 2010 | 2010 | 2010 |
| DAYS IN CLAIMS PAYABLE | 44.4 | 45.6 | 47.1 | 48.2 | 47.7 |

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

period.

CASH AND INVESTMENTS (in millions)

| | | | | | |
|--------------|-------------------|-------------------|-----------------|-----------------|-----------------|
| Regulated | \$ 1,096.3 | \$ 1,043.0 | \$ 895.4 | \$ 813.0 | \$ 917.9 |
| Unregulated | 31.7 | 30.9 | 32.7 | 39.4 | 51.3 |
| TOTAL | \$ 1,128.0 | \$ 1,073.9 | \$ 928.1 | \$ 852.4 | \$ 969.2 |

DEBT TO CAPITALIZATION

| | | | | |
|-------|-------|-------|-------|-------|
| 26.9% | 29.3% | 24.7% | 24.5% | 23.7% |
|-------|-------|-------|-------|-------|

DEBT TO CAPITALIZATION EXCLUDING NON-RECOURSE DEBT(d)

| | |
|-------|-------|
| 21.4% | 23.9% |
|-------|-------|

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

(d) The non-recourse debt represents our mortgage note payable of \$79.6 million at March 31, 2011 and \$80.0 million at December 31, 2010.

OPERATING RATIOS:

| | Three Months Ended March 31, | |
|--|-------------------------------------|-------------|
| | 2011 | 2010 |
| Health Benefits Ratios: | | |
| Medicaid and CHIP | 82.4 % | 85.6 % |
| ABD and Medicare | 85.1 | 80.3 |
| Specialty Services | 82.7 | 80.6 |
| Total | 83.0 | 84.0 |
| Total General & Administrative Expense Ratio | 13.8 % | 13.3 % |

MEDICAL CLAIMS LIABILITY (In thousands)

The changes in medical claims liability are summarized as follows:

| | |
|--------------------------------|-------------------|
| Balance, March 31, 2010 | \$ 444,826 |
| Incurring related to: | |
| Current period | 3,697,199 |
| Prior period | (65,439) |
| Total incurred | <u>3,631,760</u> |
| Paid related to: | |
| Current period | 3,234,366 |
| Prior period | 370,561 |
| Total paid | <u>3,604,927</u> |
| Balance, March 31, 2011 | <u>\$ 471,659</u> |

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

The amount of the "Incurred related to: Prior period" above includes the effects of reserving under moderately adverse conditions, new markets where we use a conservative approach in setting reserves during the initial periods of operations, increased receipts from other third party payors related to coordination of benefits and lower medical utilization and cost trends for dates of service prior to March 31, 2010.

SOURCE Centene Corporation

For further information: Investor Relations Inquiries, Edmund E. Kroll, Senior Vice President, Finance & Investor Relations, +1-212-759-0382; Media Inquiries, Deanne Lane, Vice President, Media Affairs, +1-314-725-4477

<http://stage.investorroom.com/centene/2011-04-26-Centene-Corporation-Reports-2011-First-Quarter-Earnings>