

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 September 30, 2024

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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

As of October 23, 2024, the registrant had 504,865 thousand 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, competition, expected contract start dates and terms, 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," Part II, Item 1. "Legal Proceedings," and Part II, Item 1A. "Risk Factors."

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 for providers, broker distribution networks, contract procurements and organic growth;
- our ability to adequately anticipate demand and provide for operational resources to maintain service level requirements;
- 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;
- changes in senior management, loss of one or more key personnel or an inability to attract, hire, integrate and retain skilled personnel;
- 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;
- our ability to effectively and ethically use artificial intelligence and machine learning in compliance with applicable laws;
- increased healthcare costs;
- inflation and interest rates;
- the effect of social, economic, and political conditions and geopolitical events, including as a result of changes in U.S. presidential administrations or Congress;
- changes in 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;
- uncertainty concerning government shutdowns, debt ceilings or funding;
- tax matters;
- disasters, climate-related incidents, acts of war or aggression or major epidemics;
- changes in expected contract start dates and terms;
- changes in provider, broker, vendor, state, federal and other contracts and delays in the timing of regulatory approval of contracts, including due to protests;
- the expiration, suspension, or termination of our contracts with federal or state governments (including, but not limited to, Medicaid, Medicare or other customers);
- the difficulty of predicting the timing or outcome of legal or regulatory audits, investigations, proceedings or matters including, but not limited to, our ability to resolve claims and/or allegations made by states with regard to past practices on 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 data security incidents or our failure to comply with applicable privacy, data or security laws and regulations;
- the exertion of management's time and our resources, and other expenses incurred and business changes required in connection with complying with the terms of our contracts and 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;
- losses in our investment portfolio;
- restrictions and limitations in connection with our indebtedness;
- a downgrade of our corporate family rating, issuer rating or credit rating of our indebtedness; and
- the availability of debt and equity financing on terms that are favorable to us.

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 Company strongly encourages investors to review its consolidated financial statements and publicly filed reports in their entirety and cautions investors that the non-GAAP financial measures used by the Company may differ from similar measures used by other companies, even when similar terms are used to identify such measures. The presentation of non-GAAP financial measures 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 measures that excludes amortization of acquired intangible assets, 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):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
GAAP net earnings attributable to Centene	\$ 713	\$ 469	\$ 3,022	\$ 2,657
Amortization of acquired intangible assets	173	180	519	542
Acquisition and divestiture related expenses	8	16	75	52
Other adjustments ⁽¹⁾	—	472	(97)	345
Income tax effects of adjustments ⁽²⁾	(45)	(55)	(171)	(190)
Adjusted net earnings	<u>\$ 849</u>	<u>\$ 1,082</u>	<u>\$ 3,348</u>	<u>\$ 3,406</u>
GAAP diluted earnings per share (EPS) attributable to Centene	\$ 1.36	\$ 0.87	\$ 5.69	\$ 4.85
Amortization of acquired intangible assets	0.33	0.33	0.98	0.99
Acquisition and divestiture related expenses	0.02	0.03	0.14	0.09
Other adjustments ⁽¹⁾	—	0.87	(0.18)	0.63
Income tax effects of adjustments ⁽²⁾	(0.09)	(0.10)	(0.32)	(0.35)
Adjusted diluted EPS	<u>\$ 1.62</u>	<u>\$ 2.00</u>	<u>\$ 6.31</u>	<u>\$ 6.21</u>

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

2024:

- (a) for the nine months ended September 30, 2024: net gain on the previously reported divestiture of Magellan Specialty Health due to the achievement of contingent consideration and finalization of working capital adjustments of \$83 million, or \$0.15 per share (\$0.11 after-tax), net gain on the sale of property of \$21 million, or \$0.04 per share (\$0.03 after-tax), gain on the previously reported divestiture of Circle Health Group (Circle Health) of \$20 million, or \$0.04 per share (\$0.12 after-tax), Health Net Federal Services asset impairment due to the 2024 final ruling on the TRICARE Managed Care Support Contract of \$14 million, or \$0.03 per share (\$0.02 after-tax), severance costs due to a restructuring of \$13 million, or \$0.02 per share (\$0.01 after-tax), an additional loss on the divestiture of our Spanish and Central European businesses of \$7 million, or \$0.01 per share (\$0.01 after-tax) and gain on the previously reported divestiture of HealthSmart due to the finalization of working capital adjustments of \$7 million, or \$0.01 per share (\$0.01 after-tax).

2023:

(a) for the three months ended September 30, 2023: Circle Health impairment of \$251 million, or \$0.46 per share (\$0.50 after-tax), Operose Health Group (Operose Health) impairment of \$142 million, or \$0.26 per share (\$0.24 after-tax), real estate impairments of \$47 million, or \$0.09 per share (\$0.09 after-tax), severance costs due to a restructuring of \$22 million, or \$0.04 per share (\$0.03 after-tax) and a reduction to the previously recorded gain on the sale of Magellan Rx of \$10 million, or \$0.02 per share (\$0.00 after-tax);

(b) for the nine months ended September 30, 2023: Circle Health impairment of \$251 million, or \$0.46 per share (\$0.49 after-tax), Operose Health impairment of \$142 million, or \$0.26 per share (\$0.24 after-tax), real estate impairments of \$92 million, or \$0.17 per share (\$0.15 after-tax), gain on the sale of Apixio of \$91 million, or \$0.17 per share (\$0.12 after-tax), gain on the sale of Magellan Specialty Health of \$79 million, or \$0.14 per share (\$0.12 after-tax), severance costs due to a restructuring of \$22 million, or \$0.04 per share (\$0.03 after-tax), gain on the previously reported divestiture of Centurion of \$15 million, or \$0.03 per share (\$0.02 after-tax), an additional loss on the divestiture of our Spanish and Central European businesses of \$13 million, or \$0.02 per share (\$0.01 after-tax) and a reduction to the previously recorded gain on the sale of Magellan Rx of \$10 million, or \$0.02 per share (\$0.00 after-tax).

⁽²⁾ The income tax effects of adjustments are based on the effective income tax rates applicable to each adjustment. The three and nine months ended September 30, 2024, include a tax benefit of \$2 million, or \$0.00 per share, related to tax adjustments on previously reported divestitures. The nine months ended September 30, 2023, include a one-time income tax benefit of \$69 million, or \$0.12 per share, resulting from the distribution of long-term stock awards to the estate of the Company's former CEO.

	Three Months Ended September		Nine Months Ended September 30,	
	2024	2023	2024	2023
GAAP selling, general and administrative expenses	\$ 3,057	\$ 3,048	\$ 9,169	\$ 9,075
Less:				
Acquisition and divestiture related expenses	8	16	75	52
Restructuring costs	—	22	13	22
Real estate optimization	—	—	—	7
Adjusted selling, general and administrative expenses	<u>\$ 3,049</u>	<u>\$ 3,010</u>	<u>\$ 9,081</u>	<u>\$ 8,994</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>September 30, 2024</u>	<u>December 31, 2023</u>
	<u>(Unaudited)</u>	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 14,577	\$ 17,193
Premium and trade receivables	18,281	15,532
Short-term investments	2,992	2,459
Other current assets	1,559	5,572
Total current assets	37,409	40,756
Long-term investments	17,691	16,286
Restricted deposits	1,452	1,386
Property, software and equipment, net	2,042	2,019
Goodwill	17,558	17,558
Intangible assets, net	5,582	6,101
Other long-term assets	617	535
Total assets	<u>\$ 82,351</u>	<u>\$ 84,641</u>
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Medical claims liability	\$ 17,995	\$ 18,000
Accounts payable and accrued expenses	13,338	16,420
Return of premium payable	1,959	1,462
Unearned revenue	658	715
Current portion of long-term debt	111	119
Total current liabilities	34,061	36,716
Long-term debt	17,494	17,710
Deferred tax liability	769	641
Other long-term liabilities	2,618	3,618
Total liabilities	54,942	58,685
Commitments and contingencies		
Redeemable noncontrolling interests	13	19
Stockholders' equity:		
Preferred stock, \$0.001 par value; authorized 10,000 shares; no shares issued or outstanding at September 30, 2024 and December 31, 2023	—	—
Common stock, \$0.001 par value; authorized 800,000 shares; 619,945 issued and 510,078 outstanding at September 30, 2024, and 615,291 issued and 534,484 outstanding at December 31, 2023	1	1
Additional paid-in capital	20,522	20,304
Accumulated other comprehensive (loss)	(226)	(652)
Retained earnings	15,065	12,043
Treasury stock, at cost (109,867 and 80,807 shares, respectively)	(8,055)	(5,856)
Total Centene stockholders' equity	27,307	25,840
Nonredeemable noncontrolling interest	89	97
Total stockholders' equity	27,396	25,937
Total liabilities, redeemable noncontrolling interests and stockholders' equity	<u>\$ 82,351</u>	<u>\$ 84,641</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)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenues:				
Premium	\$ 36,115	\$ 33,866	\$ 106,784	\$ 101,404
Service	784	1,101	2,425	3,353
Premium and service revenues	36,899	34,967	109,209	104,757
Premium tax	5,124	3,075	13,057	9,782
Total revenues	42,023	38,042	122,266	114,539
Expenses:				
Medical costs	32,201	29,479	93,898	88,260
Cost of services	692	856	2,041	2,603
Selling, general and administrative expenses	3,057	3,048	9,169	9,075
Depreciation expense	140	148	408	436
Amortization of acquired intangible assets	173	180	519	542
Premium tax expense	5,095	3,156	13,218	10,021
Impairment	—	440	13	478
Total operating expenses	41,358	37,307	119,266	111,415
Earnings from operations	665	735	3,000	3,124
Other income (expense):				
Investment and other income	432	214	1,440	992
Interest expense	(176)	(181)	(530)	(542)
Earnings before income tax	921	768	3,910	3,574
Income tax expense	211	293	896	914
Net earnings	710	475	3,014	2,660
(Earnings) loss attributable to noncontrolling interests	3	(6)	8	(3)
Net earnings attributable to Centene Corporation	\$ 713	\$ 469	\$ 3,022	\$ 2,657
Net earnings per common share attributable to Centene Corporation:				
Basic earnings per common share	\$ 1.37	\$ 0.87	\$ 5.71	\$ 4.86
Diluted earnings per common share	\$ 1.36	\$ 0.87	\$ 5.69	\$ 4.85
Weighted average number of common shares outstanding:				
Basic	521,965	539,535	528,912	546,374
Diluted	523,542	541,270	530,915	548,412

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)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Net earnings	\$ 710	\$ 475	\$ 3,014	\$ 2,660
Change in unrealized gain (loss) on investments	549	(235)	442	(124)
Change in unrealized gain (loss) on investments, tax effect	(130)	56	(109)	29
Change in unrealized gain (loss) on investments, net of tax	419	(179)	333	(95)
Reclassification adjustment, net of tax	1	57	93	61
Foreign currency translation adjustments, net of tax	—	(22)	—	24
Net unrealized gain on cash flow hedge, net of tax	—	20	—	20
Other comprehensive earnings (loss)	420	(124)	426	10
Comprehensive earnings	1,130	351	3,440	2,670
Comprehensive (earnings) loss attributable to noncontrolling interests	3	(6)	8	(3)
Comprehensive earnings attributable to Centene Corporation	<u>\$ 1,133</u>	<u>\$ 345</u>	<u>\$ 3,448</u>	<u>\$ 2,667</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 and Nine Months Ended September 30, 2024

	Centene Stockholders' Equity								
	Common Stock			Accumulated Other Comprehensive Earnings (Loss)	Retained Earnings	Treasury Stock		Noncontrolling Interest	Total
	\$0.001 Par Value Shares	Amt	Additional Paid-in Capital			\$0.001 Par Value Shares	Amt		
Balance, December 31, 2023	615,291	\$ 1	\$ 20,304	\$ (652)	\$ 12,043	80,807	\$ (5,856)	\$ 97	\$ 25,937
Comprehensive Earnings:									
Net earnings (loss)	—	—	—	—	1,163	—	—	(4)	1,159
Other comprehensive earnings, net of \$(12) tax	—	—	—	22	—	—	—	—	22
Common stock issued for employee benefit plans	3,882	—	14	—	—	—	—	—	14
Common stock repurchases	—	—	—	—	—	1,983	(151)	—	(151)
Stock compensation expense	—	—	70	—	—	—	—	—	70
Divestiture of non-controlling interest	—	—	—	—	—	—	—	(3)	(3)
Balance, March 31, 2024	619,173	\$ 1	\$ 20,388	\$ (630)	\$ 13,206	82,790	\$ (6,007)	\$ 90	\$ 27,048
Comprehensive Earnings:									
Net earnings	—	—	—	—	1,146	—	—	—	1,146
Other comprehensive loss, net of \$(5) tax	—	—	—	(16)	—	—	—	—	(16)
Common stock issued for employee benefit plans	322	—	11	—	—	—	—	—	11
Common stock repurchases	—	—	—	—	—	10,704	(810)	—	(810)
Stock compensation expense	—	—	62	—	—	—	—	—	62
Balance, June 30, 2024	619,495	\$ 1	\$ 20,461	\$ (646)	\$ 14,352	93,494	\$ (6,817)	\$ 90	\$ 27,441
Comprehensive Earnings:									
Net earnings (loss)	—	—	—	—	713	—	—	(1)	712
Other comprehensive earnings, net of \$131 tax	—	—	—	420	—	—	—	—	420
Common stock issued for employee benefit plans	450	—	12	—	—	—	—	—	12
Common stock repurchases	—	—	—	—	—	16,373	(1,238)	—	(1,238)
Stock compensation expense	—	—	49	—	—	—	—	—	49
Balance, September 30, 2024	619,945	\$ 1	\$ 20,522	\$ (226)	\$ 15,065	109,867	\$ (8,055)	\$ 89	\$ 27,396

Three and Nine Months Ended September 30, 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	Amt				\$0.001 Par Value Shares	Amt		
Balance, December 31, 2022	607,847	\$ 1	\$ 20,060	\$ (1,132)	\$ 9,341	57,093	\$ (4,213)	\$ 124	\$ 24,181	
Comprehensive Earnings:										
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)	
Balance, March 31, 2023	<u>614,355</u>	<u>\$ 1</u>	<u>\$ 20,121</u>	<u>\$ (915)</u>	<u>\$ 10,471</u>	<u>62,641</u>	<u>\$ (4,636)</u>	<u>\$ 124</u>	<u>\$ 25,166</u>	
Comprehensive Earnings:										
Net earnings (loss)	—	—	—	—	1,058	—	—	(3)	1,055	
Other comprehensive loss, net of \$(34) tax	—	—	—	(83)	—	—	—	—	(83)	
Common stock issued for employee benefit plans	388	—	9	—	—	—	—	—	9	
Common stock repurchases	—	—	—	—	—	6,099	(408)	—	(408)	
Stock compensation expense	—	—	56	—	—	—	—	—	56	
Purchase of non-redeemable noncontrolling interests	—	—	(3)	—	—	—	—	(24)	(27)	
Balance, June 30, 2023	<u>614,743</u>	<u>\$ 1</u>	<u>\$ 20,183</u>	<u>\$ (998)</u>	<u>\$ 11,529</u>	<u>68,740</u>	<u>\$ (5,044)</u>	<u>\$ 97</u>	<u>\$ 25,768</u>	
Comprehensive Earnings:										
Net earnings	—	—	—	—	469	—	—	3	472	
Other comprehensive loss, net of \$(34) tax	—	—	—	(124)	—	—	—	—	(124)	
Common stock issued for employee benefit plans	213	—	11	—	—	—	—	—	11	
Common stock repurchases	—	—	—	—	—	11,620	(781)	—	(781)	
Stock compensation expense	—	—	50	—	—	—	—	—	50	
Purchase of non-redeemable noncontrolling interests	—	—	(1)	—	—	—	—	—	(1)	
Balance, September 30, 2023	<u>614,956</u>	<u>\$ 1</u>	<u>\$ 20,243</u>	<u>\$ (1,122)</u>	<u>\$ 11,998</u>	<u>80,360</u>	<u>\$ (5,825)</u>	<u>\$ 100</u>	<u>\$ 25,395</u>	

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)

	Nine Months Ended September 30,	
	2024	2023
Cash flows from operating activities:		
Net earnings	\$ 3,014	\$ 2,660
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation and amortization	927	978
Stock compensation expense	181	167
Impairment	13	478
Deferred income taxes	14	14
(Gain) loss on divestitures, net	(103)	(172)
Other adjustments, net	(2)	158
Changes in assets and liabilities		
Premium and trade receivables	(2,737)	(2,329)
Other assets	78	(103)
Medical claims liabilities	(5)	401
Unearned revenue	(58)	1,878
Accounts payable and accrued expenses	(503)	3,127
Other long-term liabilities	(84)	583
Other operating activities, net	6	(4)
Net cash provided by operating activities	<u>741</u>	<u>7,836</u>
Cash flows from investing activities:		
Capital expenditures	(490)	(576)
Purchases of investments	(5,770)	(4,729)
Sales and maturities of investments	4,147	4,373
Divestiture proceeds, net of divested cash	959	690
Net cash used in investing activities	<u>(1,154)</u>	<u>(242)</u>
Cash flows from financing activities:		
Proceeds from long-term debt	350	2,170
Payments and repurchases of long-term debt	(594)	(1,970)
Common stock repurchases	(2,181)	(1,602)
Proceeds from common stock issuances	37	32
Purchase of noncontrolling interest	—	(87)
Other financing activities, net	(5)	—
Net cash used in financing activities	<u>(2,393)</u>	<u>(1,457)</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	7	19
Net increase (decrease) in cash, cash equivalents and restricted cash and cash equivalents	<u>(2,799)</u>	<u>6,156</u>
Cash and cash equivalents reclassified (to) from held for sale	(3)	(36)
Cash, cash equivalents and restricted cash and cash equivalents, beginning of period	<u>17,452</u>	<u>12,330</u>
Cash, cash equivalents and restricted cash and cash equivalents, end of period	<u>\$ 14,650</u>	<u>\$ 18,450</u>
Supplemental disclosures of cash flow information:		
Interest paid	\$ 495	\$ 496
Income taxes paid	\$ 821	\$ 759

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:

	September 30,	
	2024	2023
Cash and cash equivalents	\$ 14,577	\$ 18,190
Restricted cash and cash equivalents, included in restricted deposits	73	260
Total cash, cash equivalents and restricted cash and cash equivalents	<u>\$ 14,650</u>	<u>\$ 18,450</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 Annual Report on Form 10-K for the fiscal year ended December 31, 2023. The unaudited interim financial statements herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (SEC). Accordingly, footnote disclosures that would substantially duplicate the disclosures contained in the December 31, 2023 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 2023 amounts in the consolidated financial statements and notes to the consolidated financial statements have been reclassified to conform to the 2024 presentation. These reclassifications have no effect on net earnings or stockholders' equity as previously reported.

Accounting Guidance Not Yet Adopted

In November 2023, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) which is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant expenses. The amendments will require public entities to disclose significant segment expenses that are regularly provided to the chief operating decision-maker and included within segment profit and loss. The new standard is effective for annual periods beginning after December 15, 2023, and for interim periods within fiscal years beginning after December 15, 2024. The new guidance is not expected to have a significant impact on the Company's consolidated financial statements or segment disclosures.

In December 2023, the FASB issued an ASU which includes amendments that further enhance income tax disclosures, primarily through standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. The new standard is effective for annual periods beginning after December 15, 2024. The Company is currently evaluating the effect of the new disclosure requirements.

In March 2024, the SEC adopted the final rule under SEC Release No. 33-11275, The Enhancement and Standardization of Climate-Related Disclosures for Investors. This rule will require disclosure of material climate-related risks and material direct greenhouse gas emissions from operations owned or controlled (Scope 1) and/or material indirect greenhouse gas emissions from purchased energy consumed in owned or controlled operations (Scope 2). Additionally, the rules require disclosure in the notes to the financial statements of the effects of severe weather events and other natural conditions, subject to certain materiality thresholds. The disclosure requirements will begin phasing in for reports and registration statements including financial information with respect to annual periods beginning in 2025. In April 2024, the SEC voluntarily stayed the final rule pending the completion of judicial review by the Court of Appeals for the Eighth Circuit. The Company is monitoring the development of litigation related to the SEC's rule, and is currently evaluating the effect of the new disclosure requirements.

2. Acquisitions and Divestitures

Magellan Specialty Health Divestiture

For the nine months ended September 30, 2024, the Company recorded an additional gain on the previously reported divestiture of Magellan Specialty Health of \$83 million for achievement of contingent consideration related to the sale and finalization of working capital adjustments, which is included in investment and other income in the Consolidated Statements of Operations.

Circle Health Group Divestiture

On August 28, 2023, the Company signed a definitive agreement to sell Circle Health Group (Circle Health), one of the U.K.'s largest independent hospital operators, which is included in the Other segment.

In accordance with the signed definitive agreement in the third quarter of 2023, and subsequently updated in the fourth quarter of 2023, the Company recorded impairment charges related to goodwill associated with the pending divestiture totaling \$292 million, or \$258 million after-tax.

In order to manage the foreign exchange risk on the sale price associated with the pending divestiture of Circle Health, in August 2023 the Company entered into a foreign currency swap agreement for a notional amount of \$931 million, to sell £740 million. The swap agreement was formally designated and qualified as a cash flow hedge. The swap expired on the earlier of the divestiture closing date or March 28, 2024. The gain or loss due to changes in the fair value of the foreign currency swap was recorded in other comprehensive income until the Circle Health divestiture closed, at which time the gain or loss was recorded in earnings to the same line in the Consolidated Statement of Operations as the gain or loss on sale.

On January 12, 2024, the Company completed the divestiture for \$931 million. Upon closing the divestiture, the Company settled the foreign currency swap and recorded a corresponding gain of \$20 million, which includes the cumulative translation adjustment previously recorded in accumulated other comprehensive income in the Consolidated Balance Sheet. The gain is included in investment and other income in the Consolidated Statements of Operations. During the nine months ended September 30, 2024, the Company realized a net tax benefit of approximately \$40 million on the loss recognized on the divestiture.

Collaborative Health Systems Divestiture

In July 2024, the Company entered into a definitive agreement to sell Collaborative Health Systems (CHS), a management services organization, which is included in the Other segment.

As of September 30, 2024, the assets and liabilities of CHS were considered held for sale resulting in \$16 million of assets held for sale in other current assets and \$2 million of liabilities held for sale in accounts payable and accrued expenses on the Consolidated Balance Sheet. The majority of the held for sale assets were previously reported as investments, cash and receivables.

On October 4, 2024, the Company completed the previously announced sale of CHS. The Company estimates that it will recognize an after-tax gain of approximately \$0 million to \$20 million in the fourth quarter of 2024, subject to purchase price adjustments.

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):

	September 30, 2024				December 31, 2023			
	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	\$ 592	\$ 6	\$ (4)	\$ 594	\$ 403	\$ —	\$ (8)	\$ 395
Corporate securities	10,808	158	(277)	10,689	9,984	78	(461)	9,601
Restricted certificates of deposit	3	—	—	3	4	—	—	4
Restricted cash equivalents	73	—	—	73	259	—	—	259
Short-term time deposits	875	—	—	875	746	—	—	746
Municipal securities	4,224	32	(114)	4,142	4,135	21	(171)	3,985
Asset-backed securities	1,773	22	(17)	1,778	1,665	8	(35)	1,638
Residential mortgage-backed securities	1,725	24	(81)	1,668	1,503	7	(103)	1,407
Commercial mortgage-backed securities	1,231	10	(52)	1,189	1,149	5	(82)	1,072
Equity securities	15	—	—	15	17	—	—	17
Private equity investments	913	—	—	913	833	—	—	833
Life insurance contracts	196	—	—	196	174	—	—	174
Total	<u>\$ 22,428</u>	<u>\$ 252</u>	<u>\$ (545)</u>	<u>\$ 22,135</u>	<u>\$ 20,872</u>	<u>\$ 119</u>	<u>\$ (860)</u>	<u>\$ 20,131</u>

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. Private equity investments include direct investments in private equity securities as well as private equity funds. The Company's investment policies are designed to provide liquidity, preserve capital and maximize total return on invested assets with a focus on high credit quality securities. The Company limits the size of investment in any single issuer other than U.S. treasury securities and obligations of U.S. government corporations and agencies. As of September 30, 2024, 99% of the Company's investments in rated securities carry an investment grade rating by nationally recognized statistical rating organizations. At September 30, 2024, 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 \$171 million and \$153 million at September 30, 2024 and December 31, 2023, respectively, and is included in other current assets in 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 AA+ and a weighted average duration of 3 years at September 30, 2024.

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):

	September 30, 2024				December 31, 2023			
	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	\$ —	\$ 11	\$ (4)	\$ 163	\$ —	\$ 79	\$ (8)	\$ 232
Corporate securities	(1)	437	(276)	5,025	(6)	658	(455)	6,260
Municipal securities	(1)	287	(113)	2,176	(4)	553	(167)	2,237
Asset-backed securities	—	43	(17)	381	(2)	197	(33)	855
Residential mortgage-backed securities	—	41	(81)	795	(2)	153	(101)	814
Commercial mortgage-backed securities	—	38	(52)	714	(2)	114	(80)	754
Short-term time deposits	—	—	—	—	—	31	—	—
Total	\$ (2)	\$ 857	\$ (543)	\$ 9,254	\$ (16)	\$ 1,785	\$ (844)	\$ 11,152

As of September 30, 2024, the gross unrealized losses were generated from 4,332 positions out of a total of 6,813 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):

	September 30, 2024				December 31, 2023			
	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	\$ 2,751	\$ 2,733	\$ 400	\$ 399	\$ 2,308	\$ 2,284	\$ 566	\$ 564
One year through five years	7,795	7,667	685	677	7,738	7,431	527	504
Five years through ten years	4,354	4,318	311	306	3,905	3,735	298	283
Greater than ten years	209	206	70	70	155	154	34	35
Asset-backed securities	4,729	4,635	—	—	4,317	4,117	—	—
Total	\$ 19,838	\$ 19,559	\$ 1,466	\$ 1,452	\$ 18,423	\$ 17,721	\$ 1,425	\$ 1,386

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

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:

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

The following table summarizes fair value measurements by level at September 30, 2024, for assets and liabilities measured at fair value on a recurring basis (\$ in millions):

	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 14,577	\$ —	\$ —	\$ 14,577
Investments:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ 56	\$ —	\$ —	\$ 56
Corporate securities	—	10,649	—	10,649
Municipal securities	—	3,344	—	3,344
Short-term time deposits	—	875	—	875
Asset-backed securities	—	1,778	—	1,778
Residential mortgage-backed securities	—	1,668	—	1,668
Commercial mortgage-backed securities	—	1,189	—	1,189
Equity securities	14	1	—	15
Total investments	\$ 70	\$ 19,504	\$ —	\$ 19,574
Restricted deposits:				
Cash and cash equivalents	\$ 73	\$ —	\$ —	\$ 73
U.S. Treasury securities and obligations of U.S. government corporations and agencies	538	—	—	538
Corporate securities	—	40	—	40
Certificates of deposit	—	3	—	3
Municipal securities	—	798	—	798
Total restricted deposits	\$ 611	\$ 841	\$ —	\$ 1,452
Total assets at fair value	\$ 15,258	\$ 20,345	\$ —	\$ 35,603

The following table summarizes fair value measurements by level at December 31, 2023, for assets and liabilities measured at fair value on a recurring basis (\$ in millions):

	Level I	Level II	Level III	Total
Assets				
Cash and cash equivalents	\$ 17,193	\$ —	\$ —	\$ 17,193
Investments:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ 62	\$ —	\$ —	\$ 62
Corporate securities	—	9,564	—	9,564
Municipal securities	—	3,232	—	3,232
Short-term time deposits	—	746	—	746
Asset backed securities	—	1,638	—	1,638
Residential mortgage-backed securities	—	1,407	—	1,407
Commercial mortgage-backed securities	—	1,072	—	1,072
Equity securities	15	2	—	17
Total investments	\$ 77	\$ 17,661	\$ —	\$ 17,738
Restricted deposits:				
Cash and cash equivalents	\$ 259	\$ —	\$ —	\$ 259
U.S. Treasury securities and obligations of U.S. government corporations and agencies	333	—	—	333
Corporate securities	—	37	—	37
Certificates of deposit	—	4	—	4
Municipal securities	—	753	—	753
Total restricted deposits	\$ 592	\$ 794	\$ —	\$ 1,386
Total assets at fair value	\$ 17,862	\$ 18,455	\$ —	\$ 36,317
Liabilities				
Accounts payable and accrued expenses:				
Foreign currency swap agreement	\$ —	\$ 13	\$ —	\$ 13
Total liabilities at fair value	\$ —	\$ 13	\$ —	\$ 13

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 \$1,109 million and \$1,007 million as of September 30, 2024 and December 31, 2023, respectively.

5. Medical Claims Liability

The following table summarizes the change in medical claims liability for the nine months ended September 30, 2024 (\$ in millions):

	Medicaid	Medicare	Commercial	Other	Consolidated Total
Balance, January 1, 2024	\$ 10,814	\$ 3,612	\$ 3,460	\$ 114	\$ 18,000
Less: Reinsurance recoverable	5	—	44	—	49
Balance, January 1, 2024, net	10,809	3,612	3,416	114	17,951
Incurred related to:					
Current year	59,327	16,134	19,211	1,216	95,888
Prior years	(1,247)	(439)	(306)	7	(1,985)
Total incurred	58,080	15,695	18,905	1,223	93,903
Paid related to:					
Current year	50,198	13,006	15,773	1,040	80,017
Prior years	8,543	2,713	2,523	120	13,899
Total paid	58,741	15,719	18,296	1,160	93,916
Plus: Premium deficiency reserve	—	(5)	—	—	(5)
Balance, September 30, 2024, net	10,148	3,583	4,025	177	17,933
Plus: Reinsurance recoverable	20	—	42	—	62
Balance, September 30, 2024	<u>\$ 10,168</u>	<u>\$ 3,583</u>	<u>\$ 4,067</u>	<u>\$ 177</u>	<u>\$ 17,995</u>

The following table summarizes the change in medical claims liability for the nine months ended September 30, 2023 (\$ in millions):

	Medicaid	Medicare	Commercial	Other	Consolidated Total
Balance, January 1, 2023	\$ 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	60,379	14,680	13,994	1,095	90,148
Prior years	(1,303)	(326)	(256)	(3)	(1,888)
Total incurred	59,076	14,354	13,738	1,092	88,260
Paid related to:					
Current year	50,774	12,069	11,575	984	75,402
Prior years	8,517	2,452	1,376	136	12,481
Total paid	59,291	14,521	12,951	1,120	87,883
Balance, September 30, 2023, net	11,031	3,264	2,689	112	17,096
Plus: Reinsurance recoverable	4	—	41	—	45
Balance, September 30, 2023	<u>\$ 11,035</u>	<u>\$ 3,264</u>	<u>\$ 2,730</u>	<u>\$ 112</u>	<u>\$ 17,141</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 development within "Incurred related to: Prior years," the Company recorded \$236 million and \$341 million as a reduction to premium revenue in the nine months ended September 30, 2024 and 2023, respectively, for minimum health benefits ratio (HBR) and other return of premium programs.

Incurred but not reported (IBNR) plus expected development on reported claims as of September 30, 2024 was \$12,654 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.

The Company reviews actual and anticipated experience compared to the assumptions used to establish medical costs. The Company establishes premium deficiency reserves if actual and anticipated experience indicates that existing policy liabilities together with the present value of future gross premiums will not be sufficient to cover the present value of future benefits, settlement and maintenance costs. For purposes of determining premium deficiencies, contracts are grouped in a manner consistent with the method of acquiring, servicing and measuring the profitability of such contracts and expected investment income is excluded. In December 2023, the Company recorded a premium deficiency reserve of \$250 million related to the 2024 Medicare Advantage contract year, which was increased to \$300 million in the first quarter of 2024, to \$335 million in the second quarter of 2024 and decreased by \$90 million to \$245 million in the third quarter of 2024 consistent with the intra-year flow of seasonality.

6. 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):

	September 30, 2024	December 31, 2023
Risk adjustment receivable	\$ 1,805	\$ 893
Risk adjustment payable	(1,705)	(2,553)
Minimum medical loss ratio	(586)	(164)
Cost sharing reduction receivable	10	—
Cost sharing reduction payable	(68)	(114)

In July 2024, the Centers for Medicare and Medicaid Services (CMS) announced the final risk adjustment transfers for the 2023 benefit year. As a result of the announcement, the risk adjustment net payable was decreased by \$131 million in the third quarter of 2024, with a total impact of \$1,475 million for the nine months ended September 30, 2024. After consideration of minimum MLR and other related impacts, which includes the effect to the 2024 benefit year, the net pre-tax benefit recognized was \$920 million in the nine months ended September 30, 2024.

7. Debt

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
\$2,500 million 4.25% Senior Notes due December 15, 2027	\$ 2,397	\$ 2,395
\$2,300 million 2.45% Senior Notes due July 15, 2028	2,302	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>15,676</u>	<u>15,675</u>
Term Loan Facility	2,033	2,115
Revolving Credit Agreement	—	150
Finance leases and other	1	11
Debt issuance costs	<u>(105)</u>	<u>(122)</u>
Total debt	17,605	17,829
Less: current portion	<u>(111)</u>	<u>(119)</u>
Long-term debt	<u>\$ 17,494</u>	<u>\$ 17,710</u>

8. 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. The Company is authorized to repurchase up to \$10,000 million, inclusive of past authorizations. As of September 30, 2024, the Company had a remaining amount of \$3,160 million available under the stock repurchase program. In October 2024, the Company repurchased an additional 5.2 million shares for \$380 million.

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

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2024		2023		2024		2023	
	Shares	Cost	Shares	Cost	Shares	Cost	Shares	Cost
Share buybacks	16,254	\$ 1,218	11,609	\$ 773	27,595	\$ 2,069	22,489	\$ 1,550
Income tax withholding	119	9	11	1	1,465	112	778	52
Total share repurchases ⁽¹⁾	16,373	\$ 1,227	11,620	\$ 774	29,060	\$ 2,181	23,267	\$ 1,602

⁽¹⁾ Excludes year-to-date share repurchase excise tax of approximately \$18 million and \$10 million accrued as of September 30, 2024 and 2023, respectively.

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.

9. 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):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Earnings attributable to Centene Corporation	\$ 713	\$ 469	\$ 3,022	\$ 2,657
Shares used in computing per share amounts:				
Weighted average number of common shares outstanding	521,965	539,535	528,912	546,374
Common stock equivalents (as determined by applying the treasury stock method)	1,577	1,735	2,003	2,038
Weighted average number of common shares and potential dilutive common shares outstanding	523,542	541,270	530,915	548,412
Net earnings per common share attributable to Centene Corporation:				
Basic earnings per common share	\$ 1.37	\$ 0.87	\$ 5.71	\$ 4.86
Diluted earnings per common share	\$ 1.36	\$ 0.87	\$ 5.69	\$ 4.85

The calculation of diluted earnings per common share for the three months ended September 30, 2024 and 2023 excludes 273 thousand shares and 1,313 thousand shares, respectively, related to anti-dilutive stock options, restricted stock and restricted stock units.

The calculation of diluted earnings per common share for the nine months ended September 30, 2024 and 2023 excludes 266 thousand shares and 1,383 thousand shares, respectively, related to anti-dilutive stock options, restricted stock and restricted stock units.

10. Segment Information

The Company operates in four segments: (1) a Medicaid segment, (2) a Medicare segment, (3) a Commercial segment and (4) an Other segment.

The Medicaid, Medicare and Commercial segments primarily 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. The Company's international businesses, Operose Health Group (Operose Health) and Circle Health, were divested in December 2023 and January 2024, respectively.

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 September 30, 2024, is as follows (\$ in millions):

	Medicaid	Medicare	Commercial	Other/Eliminations	Consolidated Total
Premium	\$ 21,291	\$ 5,643	\$ 8,693	\$ 488	\$ 36,115
Service	25	—	—	759	784
Premium and service revenues	21,316	5,643	8,693	1,247	36,899
Premium tax	5,124	—	—	—	5,124
Total external revenues	26,440	5,643	8,693	1,247	42,023
Internal revenues	—	—	—	4,290	4,290
Eliminations	—	—	—	(4,290)	(4,290)
Total revenues	\$ 26,440	\$ 5,643	\$ 8,693	\$ 1,247	\$ 42,023
Medical costs	\$ 19,818	\$ 4,968	\$ 6,957	\$ 458	\$ 32,201
Cost of services	\$ 23	\$ —	\$ —	\$ 669	\$ 692
Gross margin ⁽¹⁾	\$ 1,475	\$ 675	\$ 1,736	\$ 120	\$ 4,006

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

Segment information for the three months ended September 30, 2023, is as follows (\$ in millions):

	Medicaid	Medicare	Commercial	Other/Eliminations	Consolidated Total
Premium	\$ 21,619	\$ 5,430	\$ 6,451	\$ 366	\$ 33,866
Service	—	—	2	1,099	1,101
Premium and service revenues	21,619	5,430	6,453	1,465	34,967
Premium tax	3,075	—	—	—	3,075
Total external revenues	24,694	5,430	6,453	1,465	38,042
Internal revenues	—	—	—	3,978	3,978
Eliminations	—	—	—	(3,978)	(3,978)
Total revenues	\$ 24,694	\$ 5,430	\$ 6,453	\$ 1,465	\$ 38,042
Medical costs	\$ 19,607	\$ 4,462	\$ 5,089	\$ 321	\$ 29,479
Cost of services	\$ —	\$ —	\$ —	\$ 856	\$ 856
Gross margin ⁽¹⁾	\$ 2,012	\$ 968	\$ 1,364	\$ 288	\$ 4,632

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

Segment information for the nine months ended September 30, 2024, is as follows (\$ in millions):

	Medicaid	Medicare	Commercial	Other/Eliminations	Consolidated Total
Premium	\$ 62,958	\$ 17,556	\$ 24,977	\$ 1,293	\$ 106,784
Service	68	—	2	2,355	2,425
Premium and service revenues	63,026	17,556	24,979	3,648	109,209
Premium tax	13,057	—	—	—	13,057
Total external revenues	76,083	17,556	24,979	3,648	122,266
Internal revenues	—	—	—	12,451	12,451
Eliminations	—	—	—	(12,451)	(12,451)
Total revenues	\$ 76,083	\$ 17,556	\$ 24,979	\$ 3,648	\$ 122,266
Medical costs	\$ 58,080	\$ 15,690	\$ 18,905	\$ 1,223	\$ 93,898
Cost of services	\$ 66	\$ —	\$ —	\$ 1,975	\$ 2,041
Gross margin ⁽¹⁾	\$ 4,880	\$ 1,866	\$ 6,074	\$ 450	\$ 13,270

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

Segment information for the nine months ended September 30, 2023, is as follows (\$ in millions):

	Medicaid	Medicare	Commercial	Other/Eliminations	Consolidated Total
Premium	\$ 65,741	\$ 16,971	\$ 17,437	\$ 1,255	\$ 101,404
Service	—	—	2	3,351	3,353
Premium and service revenues	65,741	16,971	17,439	4,606	104,757
Premium tax	9,782	—	—	—	9,782
Total external revenues	75,523	16,971	17,439	4,606	114,539
Internal revenues	—	—	—	11,634	11,634
Eliminations	—	—	—	(11,634)	(11,634)
Total revenues	\$ 75,523	\$ 16,971	\$ 17,439	\$ 4,606	\$ 114,539
Medical costs	\$ 59,076	\$ 14,354	\$ 13,738	\$ 1,092	\$ 88,260
Cost of services	\$ 2	\$ —	\$ —	\$ 2,601	\$ 2,603
Gross margin ⁽¹⁾	\$ 6,663	\$ 2,617	\$ 3,701	\$ 913	\$ 13,894

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

11. Contingencies

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, compliance with CMS Medicare and Marketplace regulations, including risk adjustment and broker compensation, compliance with 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 (HIPAA) 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, vendor disputes 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, vendors 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 previously disclosed in the Company's 2023 Annual Report on Form 10-K 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. The Company has reached no-fault settlement agreements related to services previously provided by Envolve with the vast majority of states impacted. Such agreements have provided for payment amounts consistent with the initial reserve estimate established in the second quarter of 2021 related to this issue.

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. 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.

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 provider of government-sponsored healthcare. We provide access to quality healthcare for more than 1 in 15 individuals nationwide through government-sponsored programs, including Medicaid, Medicare and the Health Insurance Marketplace. Our focus is on improving health and health care for low-income, complex populations.

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

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.

The American Rescue Plan Act (ARPA), enacted in March 2021, initially enhanced eligibility for the premium tax credit for enrollees in the Health Insurance Marketplace. The enhanced eligibility extended by the Inflation Reduction Act, enacted in August 2022, expires at the end of 2025. We continue to advocate for legislation and regulations aimed at leveraging Medicaid and the Health Insurance Marketplace to maintain health insurance coverage and affordability for consumers.

In addition, newly finalized Centers for Medicare & Medicaid Services (CMS) regulations will require beneficiaries dually enrolled in Medicare and Medicaid who receive integrated care through Medicare Advantage Dual Eligible Special Needs Plans (D-SNPs) to have aligned enrollment with their Medicaid Managed Care Organization beginning in 2027, which may restrict our product offerings in some geographic service areas. We believe we are positioned well given our overlapping Medicaid and Medicare Advantage footprints and are committed to navigating evolving regulations.

The COVID-19 pandemic impacted and continues to affect our business as it relates to Medicaid eligibility changes. 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 public health emergency (PHE). As a result, since the onset of the PHE through March 2023, our Medicaid membership increased by 3.6 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, some states began Medicaid disenrollments on April 1, 2023. Per the Act and clarifying CMS guidance, redeterminations related to the PHE were largely intended to conclude during the second quarter of 2024. However, redeterminations in certain states moved at a slower pace due to CMS compliance action to pause and/or complete corrective action prior to disenrolling beneficiaries and some states have seen redeterminations extend past the second quarter of 2024. Since March 31, 2023, redeterminations are the primary driver of our Medicaid membership decline. While some states are still concluding the redetermination process for certain populations of members, we anticipate that any remaining reductions will be limited as the majority of states have substantially completed their unwinding processes as of October 2024. We continue to work with our state partners to match rates to acuity post-redeterminations.

We are actively engaged 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 enroll those transitioning coverage through redeterminations.

We also closely monitor state legislation across our markets and are advocating for and seeing adoption of coverage expansions for Medicaid adult populations (e.g., North Carolina), postpartum, foster care children, among others, as well as mitigating adverse legislation addressing pharmacy, prior authorization and other issues. The Consolidated Appropriations Act, 2023 outlined key coverage expansion provisions, which went into effect in January 2024, requiring states to provide 12 months of continuous coverage for children under Medicaid and the Children's Health Insurance Program (CHIP). The year-end spending bill also made the state option to extend coverage for postpartum women for up to 12 months permanent.

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. With trends in the personalization of healthcare technology, we continue the use of data and analytics to optimize our business. We continue to believe we have both the capacity and capability to successfully navigate industry changes to the benefit of our members, customers, providers and shareholders.

Third Quarter 2024 Highlights

Our financial performance for the third quarter of 2024 is summarized as follows:

- Managed care membership of 28.6 million, an increase of 670 thousand members, or 2% year-over-year.
- Total revenues of \$42.0 billion, representing 10% growth year-over-year.
- Premium and service revenues of \$36.9 billion, representing 6% growth year-over-year.
- HBR of 89.2%, compared to 87.0% for the third quarter of 2023.
- SG&A expense ratio of 8.3%, compared to 8.7% for the third quarter of 2023.
- Adjusted SG&A expense ratio of 8.3%, compared to 8.6% for the third quarter of 2023.
- Operating cash flows used cash of \$1.0 billion in the third quarter of 2024.
- Diluted earnings per share (EPS) of \$1.36, compared to \$0.87 for the third quarter of 2023.
- Adjusted diluted EPS of \$1.62, compared to \$2.00 for the third quarter of 2023.

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*":

	Three Months Ended September 30,	
	2024	2023
GAAP diluted EPS attributable to Centene	\$ 1.36	\$ 0.87
Amortization of acquired intangible assets	0.33	0.33
Acquisition and divestiture related expenses	0.02	0.03
Other adjustments ⁽¹⁾	—	0.87
Income tax effects of adjustments ⁽²⁾	(0.09)	(0.10)
Adjusted diluted EPS	\$ 1.62	\$ 2.00

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

2023:

- (a) Circle Health Group (Circle Health) impairment of \$251 million, or \$0.46 per share (\$0.50 after-tax), Operose Health Group (Operose Health) impairment of \$142 million, or \$0.26 per share (\$0.24 after-tax), real estate impairments of \$47 million, or \$0.09 per share (\$0.09 after-tax), severance costs due to a restructuring of \$22 million, or \$0.04 per share (\$0.03 after-tax) and a reduction to the previously recorded gain on the sale of Magellan Rx of \$10 million, or \$0.02 per share (\$0.00 after-tax).

⁽²⁾ The income tax effects of adjustments are based on the effective income tax rates applicable to each adjustment. The three months ended September 30, 2024, include a tax benefit of \$2 million, or \$0.00 per share, related to tax adjustments on previously reported divestitures.

We reference an adjusted SG&A expense ratio, defined as adjusted SG&A expenses, which excludes acquisition and divestiture related expenses and other items, divided by premium and service revenues. A reconciliation from GAAP SG&A to adjusted SG&A and additional detail is provided above under the heading "*Non-GAAP Financial Presentation*." We also reference effective tax rate on adjusted earnings, defined as GAAP income tax expense (benefit) excluding the income tax effects of adjustments to net earnings divided by adjusted earnings (loss) before income tax expense.

Current and Future Operating Drivers

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

Medicaid

- In September 2024, our subsidiary, Superior HealthPlan (Superior), commenced the contract awarded by the Texas Health and Human Services Commission to continue to provide healthcare coverage to the aged, blind or disabled (ABD) population in the state's STAR+PLUS program. The contract has a six-year term with a maximum of three additional two-year extensions.
- In September 2024, our subsidiary, NH Healthy Families, commenced the contract awarded by the New Hampshire Department of Health and Human Services to continue providing physical health, behavioral health and pharmacy services for New Hampshire's Medicaid managed care program, known as Medicaid Care Management (MCM). The contract has a five-year term.
- In July 2024, our subsidiaries, Carolina Complete Health and WellCare of North Carolina, began coordinating physical and other health services with Local Management Entities/Managed Care Organizations under the state's new Tailored Plan program. The Tailored Plans are integrated health plans designed for individuals with significant behavioral health needs or intellectual/developmental disabilities.
- In June 2024, our subsidiary, Western Sky Community Care, concluded serving members upon the expiration of its New Mexico Medicaid managed care contract.
- In April 2024, our subsidiary, Oklahoma Complete Health, commenced the statewide contracts to provide managed care for the SoonerSelect and SoonerSelect Children's Specialty Plan programs. The new contracts have a one-year term with five, one-year renewal options.
- In January 2024, our subsidiary, Nebraska Total Care, commenced the statewide Medicaid managed care contract to continue serving the state's Medicaid Managed Care Program, known as Heritage Health. The initial contract term is five years and includes the option for two subsequent, one-year renewals, for a potential total of seven years.
- In January 2024, our California health plan commenced direct Medicaid contracts in 10 counties (Los Angeles, Sacramento, Amador, Calaveras, Inyo, Mono, San Joaquin, Stanislaus, Tulare and Tuolumne). In Los Angeles, a portion of the membership is subcontracted. Prior to January 2024, our California health plan previously served the state's Medicaid Managed Care population with contracts in 13 counties, including San Diego.
- In December 2023, our subsidiaries, Carolina Complete Health and WellCare of North Carolina, began providing coverage under North Carolina's new Medicaid Expansion program.
- In September 2023, our subsidiary, Superior, commenced a new six-year contract awarded 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.
- In April 2023, eligibility redeterminations related to the PHE began. We anticipate that any remaining reductions will be limited to certain populations of members as the majority of states have substantially completed their unwinding processes as of October 2024. We continue to work with our state partners to match rates to acuity post-redeterminations.
- In April 2023, the state of New York removed pharmacy services for certain of our managed care contracts in connection with the state's transition of pharmacy services to Medicaid fee-for-service.
- In February 2023, our subsidiary, Buckeye Health Plan, commenced the Medicaid contract awarded by the Ohio Department of Medicaid to continue providing members with quality healthcare, coordinated services and benefits.

Medicare

- Given our strong bid positioning, Medicare Prescription Drug Plan (PDP) membership increased 49% year-over-year.

- Consistent with our strategic positioning and bid strategy, Medicare Advantage membership declined 14% year-over-year.
- The decrease in our Star quality ratings in the 2023 rating year, which CMS published in October 2022, adversely impacts our 2024 Medicare revenue. The decrease in Star quality ratings is driven by the expiration of certain disaster relief provisions as well as deterioration in select metrics. As a result of this expectation, we recorded a premium deficiency reserve of \$250 million in the fourth quarter of 2023, which increased to \$300 million in the first quarter of 2024 to \$335 million in the second quarter of 2024 and decreased by \$90 million to \$245 million in the third quarter of 2024 to reflect the seasonality of earnings, in connection with the 2024 Medicare Advantage business.

Commercial

- In 2024, our Health Insurance Marketplace product, Ambetter Health expanded into Delaware. In total, the Marketplace plan is available across 29 states. Additionally, Marketplace membership increased 22% year-over-year due to the expanded footprint, strong product positioning and open enrollment results, as well as overall market growth.

Other

- In July 2024, our subsidiary, Magellan Health, commenced the Idaho Behavioral Health Plan contract.
- In December 2023 and January 2024, we completed the divestitures of Operose Health and Circle Health, respectively.
- In June 2023, we completed the divestiture of Apixio. We maintain a close relationship with, and a minority interest in, the business.
- In January 2023, we completed the divestitures of Magellan Specialty Health, Centurion and HealthSmart.

The benefits of successful execution of our value creation initiatives have impacted our current results of operations and will continue to impact future results of operations, including the implementation of our new third-party pharmacy benefits management (PBM) contract, which commenced in January 2024.

We expect the following items to impact our future results of operations, subject to the resolution of various third-party protests within the Medicaid segment:

Medicaid

- In October 2024, our subsidiary, Meridian Health Plan of Michigan, commenced the contract awarded by the Michigan Department of Health and Human Services (MDHHS) to continue serving as a Medicaid health plan for the Comprehensive Health Care Program. The contract has a five-year term, with three optional one-year extensions, for a total of eight possible contract years.
- In September 2024, our subsidiary, Health Net Community Solutions, was selected by the California Department of Health Care Services to provide managed dental health care services to beneficiaries of Medi-Cal, the State's Medicaid program, in Los Angeles and Sacramento counties. The new 54-month contract is expected to take effect on July 1, 2025.
- In September 2024, our subsidiary, Iowa Total Care, was selected by the Iowa Department of Health and Human Services to continue providing Medicaid managed care services under the Iowa Health Link program. The contract is expected to begin July 1, 2025 and is a four-year term, with an optional two-year extension, for a total of six possible contract years.
- In August 2024, our subsidiary, PA Health and Wellness, was selected by the Pennsylvania Department of Human Services to continue to administer Pennsylvania's Community HealthChoices program, the Medicaid managed care program that covers adults who are dually eligible for Medicare and Medicaid or who qualify to receive Medicaid long-term services and supports due to a need for the level of care provided in a nursing facility. The contract is expected to begin April 1, 2025 and is a five-year term, with three optional one-year extensions, for a total of eight possible contract years.

- In July 2024, the State of Florida announced plans to execute agreements with eight health plans, including our subsidiary, Sunshine Health. The Statewide Medicaid Managed Care program includes integrated Managed Medical Assistance, Long-Term Care services, Serious Mental Illness, Child Welfare and HIV specialty products. The contract is expected to begin on February 1, 2025.
- In May 2024, our subsidiary, Sunflower Health Plan, was selected to continue providing managed health care services through KanCare, the State of Kansas' Medicaid and Children's Health Insurance Program. The new contract is expected to take effect on January 1, 2025 for a three-year term, with two optional one-year extensions, for a total of five possible contract years.
- In December 2023, our subsidiary, Arizona Complete Health, was selected by the Arizona Health Care Cost Containment System – Arizona's single state Medicaid agency – to provide managed care for the Arizona Long Term Care System (ALTCS). The program supports Arizonans who are elderly and/or have a physical disability (E/PD) with physical and behavioral healthcare, as well as provides pharmacy benefits and home and community-based services. The new ALTCS-E/PD contract is expected to begin in October 2025 and is a three-year term, with four optional one-year extensions, for a total of seven possible contract years.
- 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 expected to begin in July 2025.

Medicare

- In 2025, Wellcare will offer Medicare Advantage plans in 32 states, including its newest state, Iowa. Wellcare will discontinue offering Medicare Advantage products in Alabama, Massachusetts, New Hampshire, New Mexico, Rhode Island and Vermont in 2025. We currently anticipate that the 2025 Plan year will operate at a loss driven by Star ratings; accordingly, we expect to record a premium deficiency reserve in the fourth quarter of 2024.
- In October 2024, CMS issued 2025 Medicare Advantage Star Ratings on the Medicare Plan Finder. Based on the data, Centene Corporation had approximately 46% of its Medicare Advantage membership enrolled in plans rated 3.5 stars or higher – compared to approximately 23% in the prior year. This represents meaningful progress and was consistent with internal expectations despite higher than industry-anticipated cut point changes. Additionally, we are appealing CMS' scoring of our TTY (Text-to-Voice teletypewriter services for the hearing impaired) measure which, if successful, could further increase our percentage of Medicare Advantage members enrolled in plans rated 3.5 stars or higher.
- In October 2024, our subsidiary, Meridian Health Plan of Michigan, was selected by the MDHHS to provide highly integrated Medicare and Medicaid services for dually eligible Michiganders through a Highly Integrated Dual Eligible Special Needs Plan. The plan is expected to launch on January 1, 2026 and is a seven-year term, with three optional one-year extensions, for a total of 10 possible contract years.

Commercial

- In 2025, our Health Insurance Marketplace product, Ambetter Health will expand its geographic footprint, adding 60 new counties across 10 states, which includes expansion into Iowa. In total, the Marketplace plan will be available across 29 states.

Other

- In October 2024, we completed the sale of Collaborative Health Systems, a management services organization.
- In December 2022, the Department of Defense announced that the TRICARE Managed Care Support Contract commencing in 2025 was not awarded to Health Net Federal Services.

MEMBERSHIP

From September 30, 2023 to September 30, 2024, our managed care membership increased by 670 thousand, or 2%. The following table sets forth our membership by line of business:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>	<u>September 30, 2023</u>
Traditional Medicaid ⁽¹⁾	11,478,600	12,754,000	13,470,900
High Acuity Medicaid ⁽²⁾	1,590,200	1,718,000	1,769,600
Total Medicaid	13,068,800	14,472,000	15,240,500
Commercial Marketplace	4,501,300	3,900,100	3,681,600
Commercial Group	426,600	427,500	424,200
Total Commercial	4,927,900	4,327,600	4,105,800
Medicare ⁽³⁾	1,129,900	1,284,200	1,310,600
Medicare PDP	6,766,400	4,617,800	4,539,800
Total at-risk membership	25,893,000	24,701,600	25,196,700
TRICARE eligibles	2,747,000	2,773,200	2,773,200
Total	<u>28,640,000</u>	<u>27,474,800</u>	<u>27,969,900</u>

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

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

⁽³⁾ Membership includes Medicare Advantage and Medicare Supplement.

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 and nine months ended September 30, 2024 and 2023, prepared in accordance with generally accepted accounting principles in the United States (GAAP).

Summarized comparative financial data for the three and nine months ended September 30, 2024 and 2023 is as follows (\$ in millions, except per share data in dollars):

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Premium	\$ 36,115	\$ 33,866	7 %	\$ 106,784	\$ 101,404	5 %
Service	784	1,101	(29)%	2,425	3,353	(28)%
Premium and service revenues	36,899	34,967	6 %	109,209	104,757	4 %
Premium tax	5,124	3,075	67 %	13,057	9,782	33 %
Total revenues	42,023	38,042	10 %	122,266	114,539	7 %
Medical costs	32,201	29,479	9 %	93,898	88,260	6 %
Cost of services	692	856	(19)%	2,041	2,603	(22)%
Selling, general and administrative expenses	3,057	3,048	n.m.	9,169	9,075	1 %
Depreciation expense	140	148	(5)%	408	436	(6)%
Amortization of acquired intangible assets	173	180	(4)%	519	542	(4)%
Premium tax expense	5,095	3,156	61 %	13,218	10,021	32 %
Impairment	—	440	n.m.	13	478	(97)%
Earnings from operations	665	735	(10)%	3,000	3,124	(4)%
Investment and other income	432	214	102 %	1,440	992	45 %
Interest expense	(176)	(181)	3 %	(530)	(542)	2 %
Earnings before income tax	921	768	20 %	3,910	3,574	9 %
Income tax expense	211	293	(28)%	896	914	(2)%
Net earnings	710	475	49 %	3,014	2,660	13 %
(Earnings) loss attributable to noncontrolling interests	3	(6)	n.m.	8	(3)	n.m.
Net earnings attributable to Centene Corporation	\$ 713	\$ 469	52 %	\$ 3,022	\$ 2,657	14 %
Diluted earnings per common share attributable to Centene Corporation	\$ 1.36	\$ 0.87	56 %	\$ 5.69	\$ 4.85	17 %

n.m.: not meaningful

Three Months Ended September 30, 2024 Compared to Three Months Ended September 30, 2023

Total Revenues

Total revenues increased 10% in the three months ended September 30, 2024, over the corresponding period in 2023, primarily driven by Medicaid rate increases, membership growth in the Marketplace business due to strong product positioning as well as overall market growth, along with increased premium tax revenue, partially offset by lower Medicaid membership primarily due to redeterminations and recent divestitures in the Other segment.

Operating Expenses

Medical Costs/HBR

The HBR for the three months ended September 30, 2024, was 89.2%, compared to 87.0% in the same period in 2023. The increase was primarily driven by higher acuity in Medicaid resulting from the redetermination process as we continue to work with states to match rates with acuity. The increase was also driven by Medicare Star rating impacts.

Cost of Services

Cost of services decreased by \$164 million in the three months ended September 30, 2024, compared to the corresponding period in 2023. The decrease was primarily driven by recent divestitures. The cost of service ratio for the three months ended September 30, 2024, was 88.3%, compared to 77.7% in the same period in 2023. The increase was primarily driven by the divestiture of Circle Health, which operated at a lower cost of service ratio.

Selling, General & Administrative Expenses

The SG&A expense ratio was 8.3% for the third quarter of 2024, compared to 8.7% in the third quarter of 2023. The adjusted SG&A expense ratio was 8.3% for the third quarter of 2024, compared to 8.6% in the third quarter of 2023. The decreases were primarily driven by the divestiture of Circle Health, which operated at a higher SG&A expense ratio, and continued leveraging of expenses over higher revenues. The decreases were partially offset by growth in the Marketplace business, which operates at a meaningfully higher SG&A expense ratio as compared to Medicaid.

Impairment

During the third quarter of 2023, we recorded total impairment charges of \$440 million, including a \$251 million charge related to assets associated with the then pending divestiture of Circle Health, a \$142 million charge related to assets associated with our Operose Health business based on market indicators of fair value, and additional impairments of \$47 million related to our ongoing real estate optimization initiatives.

Other Income (Expense)

The following table summarizes the components of other income (expense) for the three months ended September 30, (\$ in millions):

	<u>2024</u>	<u>2023</u>
Investment and other income	\$ 432	\$ 214
Interest expense	(176)	(181)
Other income (expense), net	<u>\$ 256</u>	<u>\$ 33</u>

Investment and other income. Investment and other income increased by \$218 million in the three months ended September 30, 2024, compared to the corresponding period in 2023. The three months ended September 30, 2024 included increased interest income on investments driven by higher cash balances. The three months ended September 30, 2023 included a \$75 million realized loss on the sale of investments from rebalancing a portion of our portfolio with a focus on higher interest rate investments.

Interest expense. Interest expense decreased by \$5 million in the three months ended September 30, 2024, compared to the corresponding period in 2023.

Income Tax Expense

For the three months ended September 30, 2024, we recorded income tax expense of \$211 million on pre-tax earnings of \$921 million, or an effective tax rate of 22.9%. For the third quarter of 2024, our effective tax rate on adjusted earnings was 23.3%.

For the three months ended September 30, 2023, we recorded an income tax expense of \$293 million on pre-tax earnings of \$768 million, or an effective tax rate of 38.2%. The effective tax rate for the third quarter of 2023 reflects the tax effects of impairments as well as the then pending divestiture of Circle Health. For the third quarter of 2023, our effective tax rate on adjusted earnings was 24.2%.

Segment Results

The following table summarizes our consolidated operating results by segment for the three months ended September 30, (\$ in millions):

	2024	2023	% Change
Total Revenues			
Medicaid	\$ 26,440	\$ 24,694	7 %
Medicare	5,643	5,430	4 %
Commercial	8,693	6,453	35 %
Other	1,247	1,465	(15)%
Consolidated total	<u>\$ 42,023</u>	<u>\$ 38,042</u>	<u>10 %</u>
Gross Margin ⁽¹⁾			
Medicaid	\$ 1,475	\$ 2,012	(27)%
Medicare	675	968	(30)%
Commercial	1,736	1,364	27 %
Other	120	288	(58)%
Consolidated total	<u>\$ 4,006</u>	<u>\$ 4,632</u>	<u>(14)%</u>

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

Medicaid

Total revenues increased 7% in the three months ended September 30, 2024, compared to the corresponding period in 2023. Gross margin decreased \$537 million in the three months ended September 30, 2024, compared to the corresponding period in 2023. The increase in total revenues was primarily driven by increased premium tax revenue and rate increases, partially offset by lower membership primarily due to redeterminations. Gross margin decreased due to lower overall membership as a result of the redetermination process, coupled with higher acuity post-redeterminations as we continue to work with our state partners to match rates to the changes in acuity.

Medicare

Total revenues increased 4% in the three months ended September 30, 2024, compared to the corresponding period in 2023 primarily driven by increased PDP membership of 49%, partially offset by lower Medicare Advantage membership. Gross margin decreased \$293 million in the three months ended September 30, 2024, compared to the corresponding period in 2023, primarily driven by lower Medicare Advantage revenue resulting from the Star quality ratings impact and lower membership discussed above.

Commercial

Total revenues increased 35% in the three months ended September 30, 2024, compared to the corresponding period in 2023. Gross margin increased \$372 million in the three months ended September 30, 2024, compared to the corresponding period in 2023. Increases were primarily driven by 22% membership growth in the Marketplace business along with improved margin through strong 2024 product design and execution.

Other

Total revenues decreased 15% in the three months ended September 30, 2024, compared to the corresponding period in 2023. Gross margin decreased \$168 million in the three months ended September 30, 2024, compared to the corresponding period in 2023. Decreases were primarily due to recent divestitures.

Nine Months Ended September 30, 2024 Compared to Nine Months Ended September 30, 2023

Total Revenues

Total revenues increased 7% in the nine months ended September 30, 2024, over the corresponding period in 2023 primarily driven by membership growth in the Marketplace business due to strong product positioning as well as overall market growth and outperformance in Marketplace risk adjustment for the 2023 benefit year, along with Medicaid rate increases and increased premium tax revenue. The increases were partially offset by lower Medicaid membership primarily due to redeterminations and recent divestitures in the Other segment.

Operating Expenses

Medical Costs/HBR

The HBR for the nine months ended September 30, 2024 was 87.9%, compared to 87.0% in the same period in 2023. The increase was primarily driven by higher acuity in Medicaid resulting from the redetermination process as we continue to work with states to match rates with acuity. The increase was also driven by Medicare Star rating impacts. The increases were partially offset by Marketplace membership growth and improved margin through strong 2024 product design and execution as well as outperformance in Marketplace risk adjustment for the 2023 benefit year.

Cost of Services

Cost of services decreased by \$562 million in the nine months ended September 30, 2024, compared to the corresponding period in 2023. The decrease was primarily driven by recent divestitures. The cost of service ratio for the nine months ended September 30, 2024 was 84.2%, compared to 77.6% in the same period in 2023. The increase was primarily driven by the divestiture of Circle Health, which operated at a lower cost of service ratio.

Selling, General & Administrative Expenses

The SG&A expense ratio for the nine months ended September 30, 2024 was 8.4%, compared to 8.7% for the corresponding period in 2023. The adjusted SG&A expense ratio for the nine months ended September 30, 2024 was 8.3%, compared to 8.6% for the nine months ended September 30, 2023. The decrease in the adjusted SG&A expense ratio was primarily driven by the divestiture of Circle Health, which operated at a higher SG&A expense ratio, ongoing SG&A savings initiatives and continued leveraging of expenses over higher revenues. The decrease was partially offset by growth in the Marketplace business, which operates at a meaningfully higher SG&A expense ratio as compared to Medicaid and Medicare distribution costs.

Impairment

During the nine months ended September 30, 2024, we recorded total impairment charges of \$13 million, primarily driven by Health Net Federal Services property, software and equipment related to the TRICARE Managed Care Support Contract that was no longer recoverable following the 2024 final ruling.

During the nine months ended September 30, 2023, we recorded total impairment charges of \$478 million, including a \$251 million charge related to assets associated with the then pending divestiture of Circle Health, a \$142 million charge related to assets associated with our Operose Health business based on market indicators of fair value, and additional impairments of \$85 million related to our ongoing real estate optimization initiatives.

Other Income (Expense)

The following table summarizes the components of other income (expense) for the nine months ended September 30, (\$ in millions):

	<u>2024</u>	<u>2023</u>
Investment and other income	\$ 1,440	\$ 992
Interest expense	(530)	(542)
Other income (expense), net	<u>\$ 910</u>	<u>\$ 450</u>

Investment and other income. Investment and other income increased by \$448 million in the nine months ended September 30, 2024, compared to the corresponding period in 2023, driven by higher interest rates on larger investment balances. The nine months ended September 30, 2024 also included an \$83 million Magellan Specialty Health divestiture gain, \$21 million net gain on the sale of property, \$20 million Circle Health divestiture gain and \$7 million HealthSmart divestiture gain partially offset by an additional loss on the divestiture of our Spanish and Central European businesses of \$7 million.

The nine months ended September 30, 2023 included a \$91 million gain on the sale of Apixio, a \$79 million gain on the sale of Magellan Specialty Health and a \$15 million gain on the previously reported divestiture of Centurion, partially offset by a \$75 million realized loss on the sale of investments from rebalancing a portion of our portfolio with a focus on higher interest rate investments, an additional loss on the divestiture of our Spanish and Central European businesses of \$13 million and a \$10 million reduction to the previously recorded gain on the sale of Magellan Rx.

Interest expense. Interest expense decreased by \$12 million in the nine months ended September 30, 2024, compared to the corresponding period in 2023.

Income Tax Expense

For the nine months ended September 30, 2024, we recorded income tax expense of \$896 million on pre-tax earnings of \$3.9 billion, or an effective tax rate of 22.9%. The effective tax rate for 2024 reflects tax effects of the Circle Health divestiture. For the nine months ended September 30, 2024, our effective tax rate on adjusted earnings was 24.2%.

For the nine months ended September 30, 2023, we recorded income tax expense of \$914 million on pre-tax earnings of \$3.6 billion, or an effective tax rate of 25.6%. The effective tax rate for 2023 reflects the tax effects of the distribution of long-term stock awards to the estate of the Company's former CEO, divestiture gains, impairments as well as the then pending divestiture of Circle Health. For the nine months ended September 30, 2023, our effective tax rate on adjusted earnings was 24.5%.

Segment Results

The following table summarizes our consolidated operating results by segment for the nine months ended September 30, (\$ in millions):

	2024	2023	% Change
Total Revenues			
Medicaid	\$ 76,083	\$ 75,523	1 %
Medicare	17,556	16,971	3 %
Commercial	24,979	17,439	43 %
Other	3,648	4,606	(21)%
Consolidated total	\$ 122,266	\$ 114,539	7 %
Gross Margin ⁽¹⁾			
Medicaid	\$ 4,880	\$ 6,663	(27)%
Medicare	1,866	2,617	(29)%
Commercial	6,074	3,701	64 %
Other	450	913	(51)%
Consolidated total	\$ 13,270	\$ 13,894	(4)%

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

Medicaid

Total revenues increased 1% in the nine months ended September 30, 2024, compared to the corresponding period in 2023. Gross margin decreased \$1.8 billion in the nine months ended September 30, 2024, compared to the corresponding period in 2023. The increase in total revenues was primarily driven by increased premium tax revenue and rate increases, partially offset by lower membership primarily due to redeterminations. Gross margin decreased due to lower overall membership as a result of the redetermination process, coupled with higher acuity post-redeterminations as we continue to work with our state partners to match rates to the changes in acuity.

Medicare

Total revenues increased 3% in the nine months ended September 30, 2024, compared to the corresponding period in 2023, primarily driven by increased PDP membership of 49%, partially offset by lower Medicare Advantage membership. Gross margin decreased \$751 million in the nine months ended September 30, 2024, compared to the corresponding period in 2023 driven primarily by lower Medicare Advantage revenue resulting from the Star quality ratings impact and lower membership discussed above.

Commercial

Total revenues increased 43% in the nine months ended September 30, 2024, compared to the corresponding period in 2023. Gross margin increased \$2.4 billion in the nine months ended September 30, 2024, compared to the corresponding period in 2023. Increases were primarily driven by 22% membership growth in the Marketplace business along with improved margin through strong 2024 product design and execution as well as outperformance in Marketplace risk adjustment for the 2023 benefit year.

Other

Total revenues decreased 21% in the nine months ended September 30, 2024, compared to the corresponding period in 2023. Gross margin decreased \$463 million in the nine months ended September 30, 2024, compared to the corresponding period in 2023. 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).

	Nine Months Ended September 30,	
	2024	2023
Net cash provided by operating activities	\$ 741	\$ 7,836
Net cash used in investing activities	(1,154)	(242)
Net cash used in financing activities	(2,393)	(1,457)
Effect of exchange rate changes on cash and cash equivalents	7	19
Net increase (decrease) in cash, cash equivalents and restricted cash and cash equivalents	<u>\$ (2,799)</u>	<u>\$ 6,156</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 \$741 million in the nine months ended September 30, 2024, compared to providing cash of \$7.8 billion in the comparable period in 2023.

Cash flows provided by operations in 2024 were primarily driven by net earnings, partially offset by pharmacy rebate remittance timing as we transitioned to the new third-party PBM, which commenced in January 2024, and risk adjustment payments for the Marketplace 2023 benefit year.

Cash flows provided by operations in 2023 were driven by net earnings and increases in unearned revenue and accounts payable driven by the early receipt of payments from CMS.

Cash Flows Used in Investing Activities

Investing activities used cash of \$1.2 billion in the nine months ended September 30, 2024, compared to using cash of \$242 million in the comparable period in 2023. Cash flows used in investing activities in 2024 and 2023 were driven primarily by 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.

We spent \$490 million and \$576 million in the nine months ended September 30, 2024 and 2023, respectively, on capital expenditures the majority of which was driven by system enhancements and computer hardware.

As of September 30, 2024, our investment portfolio consisted primarily of fixed-income securities with an average duration of 3.3 years. At September 30, 2024, we had unregulated cash and investments of \$1.2 billion, including \$266 million of cash and cash equivalents and \$888 million of investments. Unregulated cash and investments at December 31, 2023 was \$1.0 billion, including \$200 million of cash and cash equivalents and \$810 million of investments.

Cash Flows Used in Financing Activities

Financing activities used cash of \$2.4 billion in the nine months ended September 30, 2024, compared to using cash of \$1.5 billion in the comparable period in 2023. Financing activities in 2024 were driven by stock repurchases of \$2.2 billion, which included \$2.1 billion under the stock repurchase program and \$112 million of repurchases related to income tax withholding upon the vesting of previously awarded stock grants, and net decreases in debt of \$244 million.

Financing activities in 2023 were driven by stock repurchases of \$1.6 billion.

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 2023, the Company's Board of Directors authorized up to a cumulative total of \$10.0 billion of repurchases under the program.

During the third quarter of 2024, we repurchased 16.3 million shares of common stock for \$1.2 billion under the stock repurchase program. We have approximately \$3.2 billion remaining under the program for repurchases as of September 30, 2024. No duration has been placed on the repurchase program. We reserve the right to discontinue the repurchase program at any time. Refer to Note 8. *Stockholders' Equity* for further information on stock repurchases.

As of September 30, 2024, 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 September 30, 2024, we were in compliance with all covenants.

As part of our capital allocation strategy, we may decide to repurchase debt or raise capital through the issuance of debt in the form of senior notes. In 2022, the Company's Board of Directors also authorized a \$1.0 billion senior note debt repurchase program. No repurchases were made during the quarter ended September 30, 2024. As of September 30, 2024, there was \$700 million available under the senior note debt repurchase program.

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 September 30, 2024, we had no borrowing outstanding under our Revolving Credit Facility, \$2.0 billion of borrowings under our Term Loan Facility, and we were in compliance with all covenants. As of September 30, 2024, 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 \$145 million as of September 30, 2024, which were not part of our Revolving Credit Facility. The letters of credit bore weighted interest of 0.7% as of September 30, 2024. In addition, we had outstanding surety bonds of \$886 million as of September 30, 2024.

At September 30, 2024, our debt to capital ratio, defined as total debt divided by the sum of total debt and total equity, was 39.1%, compared to 40.7% at December 31, 2023. The debt to capital ratio decrease was primarily driven by net earnings, partially offset by year-to-date stock repurchases. We utilize the debt to capital ratio as a measure, among others, of our leverage and financial flexibility.

At September 30, 2024, we had working capital, defined as current assets less current liabilities, of \$3.3 billion, compared to \$4.0 billion at December 31, 2023. We manage our short-term and long-term investments aiming to ensure a sufficient portion of the portfolio is highly liquid and can be sold to fund short-term requirements as needed.

2024 Expectations

During the remainder of 2024, we expect dividends to be offset by capital contributions to our insurance subsidiaries. We expect to spend approximately \$170 million in additional capital expenditures.

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, which matures in August 2026. Additionally, our senior notes mature between December 2027 and August 2031. From time to time, we may elect to raise additional funds for working capital 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 target 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, these actions encompass a larger organizational mission to enhance our member and provider experience, improve outcomes for our members and innovate to ensure that Centene is 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 nine months ended September 30, 2024, we received dividends of \$2.8 billion from and made \$416 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, 2023, 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 2024.

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 September 30, 2024, 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.

CRITICAL ACCOUNTING ESTIMATES

Please see "*Critical Accounting Estimates in Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations*" included in our 2023 Annual Report on Form 10-K for a description of our Critical Accounting Estimates.

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

INVESTMENTS AND DEBT

As of September 30, 2024, we had short-term investments of \$3.0 billion and long-term investments of \$19.1 billion, including restricted deposits of \$1.4 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 September 30, 2024, the fair value of our fixed income investments would decrease by approximately \$674 million.

For a discussion of the interest rate risk that our investments are subject to, refer to our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, 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 (the 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 September 30, 2024. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of September 30, 2024.

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 September 30, 2024 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 11. *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 2023 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 increased in December 2023. The Company is authorized to repurchase up to \$10.0 billion, inclusive of past authorizations, of which \$3.2 billion remains as of September 30, 2024.

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 the Company's discretion as part of its capital allocation strategy, and may be based upon general market conditions and the prevailing price and trading volumes of its common stock. No duration has been placed on the repurchase program. The Company reserves the right to discontinue the repurchase program at any time.

**Issuer Purchases of Equity Securities
Third Quarter 2024
(Shares in thousands)**

Period	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid per Share ⁽²⁾	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) ⁽³⁾
July 1, 2024 - July 31, 2024	457	\$ 75.82	439	\$ 4,344
August 1, 2024 - August 31, 2024	4,217	77.46	4,215	4,018
September 1, 2024 - September 30, 2024	11,699	73.96	11,600	3,160
Total	16,373	\$ 74.92	16,254	\$ 3,160

⁽¹⁾ Includes 119 thousand shares relinquished to the Company by certain employees for payment of taxes.

⁽²⁾ Average price paid per share excludes quarter-to-date accrued share repurchase excise tax of approximately \$11 million.

⁽³⁾ A remaining amount of approximately \$3.2 billion is available under the stock repurchase program as of September 30, 2024.

Item 5. Other Information

(a) None.

(b) None.

(c) During the three months ended September 30, 2024, no director or officer of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

Item 6. Exhibits.

EXHIBIT NUMBER	DESCRIPTION
10.1	* Executive Severance and Change in Control Plan
31.1	Certification of Chief Executive Officer pursuant to Rule 13(a)-14(a) under the Securities Exchange Act of 1934, as amended.
31.2	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.
32.1	# 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.
32.2	# 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.
101	The following materials from the Centene Corporation Quarterly Report on Form 10-Q for the quarter ended September 30, 2024, 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.

* Indicates a management contract or compensatory plan or arrangement.

This certification is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or otherwise subject to the liability of that section, nor shall it be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

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 October 25, 2024.

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, Finance, Corporate Controller and Chief
Accounting Officer
(principal accounting officer)

CENTENE CORPORATION
AMENDED AND RESTATED EXECUTIVE SEVERANCE AND CHANGE IN CONTROL PLAN
(and Summary Plan Description)
for Eligible Employees

I. PURPOSE

This Centene Corporation Amended and Restated Executive Severance and Change in Control Plan (the “Executive Plan”) is intended to provide benefits to Eligible Employees of Centene Corporation and its United States based subsidiaries (collectively, the “Company”), who become unemployed as a result of a Qualifying Termination (as defined below). This Executive Plan is intended to comply with all applicable requirements of the Employee Retirement Income Security Act of 1974 (“ERISA”) and the regulations promulgated thereunder for severance pay plans and is to be interpreted in a manner consistent with such requirements. This document contains the provisions of both the Executive Plan and the Summary Plan Description. This Executive Plan is adopted effective October 1, 2024, and, except as set forth in Section IX.E. of the Executive Plan, supersedes any and all previous severance pay policies, practices, plans and arrangements, whether written or oral, of the Company applicable to the Eligible Employee.

II. WHO IS ELIGIBLE TO PARTICIPATE

To be eligible to be a participant in this Executive Plan (an “Eligible Employee”), an individual must meet all the following qualifications at the time his/her employment terminates:

- A. The employee must be currently employed in the capacity of and holding the title or a level of Senior Vice President or above position within the Company or have otherwise been designated by the Company as a participant in the Executive Plan (i.e., Market or Business Unit CEO (“BU CEO”), Regional Vice Presidents or select Vice Presidents).
- B. The employee must be employed by the Company as a Full-Time Employee.
- C. The employee must be employed by an entity that is eligible to participate in this Executive Plan pursuant to a list of participating entities maintained by the Plan Administrator, which list may not be changed (other than to add additional entities) during the two-year period following a Change in Control.
- D. The employee must become a party to a restrictive covenant agreement in the form provided by the Company.
- E. The employee is not a party to an employment or severance agreement or offer letter with the Company that provides for severance payments (each, an “Individual Agreement”) or, not later than 120 days following the effective date of this Executive Plan (or such longer period as determined by the Plan Administrator in its sole discretion), such individual agrees in writing that his or her existing rights under such Individual Agreement are terminated and replaced with the provisions of this Executive Plan.
- F. The employee must experience a Qualifying Termination, as set forth in Section IV, below.

III. DEFINITIONS

Words or phrases which are initially capitalized or within quotation marks shall have the meanings provided in this Section III and as provided elsewhere herein. For purposes of this Executive Plan, the following definitions apply:

- A. “Accrued Obligations” shall mean, as of the date of termination, (A) Eligible Employee’s then-current Base Salary (disregarding any reduction constituting Good Reason) through the date of termination to the extent not theretofore paid, (B) any vacation pay, sick pay, and other paid time off earned and accrued by the Eligible Employee as of the date of termination to the extent not theretofore paid and to the extent payable upon the date of termination pursuant to the applicable Company policy, (C) any unpaid expenses incurred and reported in accordance with the Company’s policies, and (D) vested benefits owing under any employee benefit plans of the Company and the Affiliates.

- B. "Affiliates" shall mean all corporations and other entities directly or indirectly controlling, controlled by or under common control with the Centene Corporation, where control may be by management authority, equity interest or otherwise; or any corporation or other entity in which the Company has a substantial ownership interest, as determined by the Plan Administrator in its sole discretion, or with which the Company is a joint venturer or the like. Following a Change in Control, "Affiliate" shall include any entity that acquires Centene Corporation and its affiliated entities.
- C. "Cause" shall mean acts or omissions that the Company determines, after affording the Eligible Employee an opportunity to be heard, (i) are criminal, dishonest or fraudulent or constitute misconduct that reflects 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 Executive Plan; or (iv) reflect continued and repeated failure to (A) perform substantially the duties of his/her employment (other than any such failure resulting from the Eligible Employee's physical or mental impairment or incapacity) or (B) to comply with any material written policy of the Company.
- D. "Change in Control" shall have the meaning set forth in the Centene Corporation 2012 Stock Incentive Plan or any successor plan thereto.
- E. "Change in Control Termination" shall mean a Qualifying Termination within twenty-four (24) months after the occurrence of a Change in Control (or during the six months prior to a Change in Control at the request of any third party participating in or causing the Change in Control).
- F. "Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.
- G. "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 Eligible Employee.
- H. "Disability" shall mean the disability of the Eligible Employee as defined in Section 409A(a)(2)(C) of the Code.
- I. "Full-Time Employee" shall mean an employee assigned to an established position with a regular work schedule of at least thirty (30) hours per week."
- J. "Good Reason" shall mean, without the Eligible Employee's prior written consent, at or after a Change in Control, (i) a reduction in Eligible Employee's annual Base Salary or annual target bonus opportunity from those in effect immediately prior to the Change in Control, (ii) a material reduction in Eligible Employee's authority, duties or responsibilities from those in effect immediately prior to the Change in Control, or (iii) a demand by the Company or the entity surviving the transaction that resulted in the Change in Control that Eligible Employee relocate to a primary work location more than fifty (50) miles from Eligible Employee's primary work location immediately prior to the Change in Control; provided that such proposed relocation results in a greater commute for Eligible Employee based on Eligible Employee's residence immediately prior to such relocation. Eligible Employee must provide written notice to the Company of the existence of Good Reason no later than 90 days after its initial existence. The Company shall have a period of 30 days following its receipt of such written notice during which it may remedy in all material respects the Good Reason condition identified in such written notice. If the Company fails to remedy in all material respects such Good Reason condition, the Eligible Employee shall have 90 days to terminate his/her employment for Good Reason.
- K. "Plan Administrator" shall mean the Compensation and Talent Committee of the Board of Directors of Centene Corporation or its delegate.
- L. "Restricted Period" shall mean 12 months for Tier I & Tier II Eligible Employees, and 9 months for Tier III Eligible Employees, in each case, following termination of employment for any reason.

IV. QUALIFYING EVENTS

Except as otherwise determined by the Company, a termination of employment is a “Qualifying Termination” only if all of the following requirements are met:

- A. The Eligible Employee is on the active payroll of the Company or on an approved leave of absence with guaranteed reinstatement at the time employment terminates;
- B. The termination occurs solely as a result of any of the following:
 - 1. The elimination of the Eligible Employee’s position with the Company in conjunction with a reduction-in-force or corporate restructuring;
 - 2. The Eligible Employee is involuntarily terminated without Cause (and other than due to death or Disability); or
 - 3. The Eligible Employee terminates his/her employment for Good Reason (applicable only to Change in Control Terminations);
- C. The Eligible Employee is not offered other employment with (i) the Company or one of the Affiliates, (ii) a successor of the Company or one of the Affiliates (a “Successor”) or (iii) a purchaser of some or all of the assets of the Company or any of the Affiliates (a “Purchaser”), provided that following a Change in Control, the Eligible Employee shall be deemed not to have been offered other employment if such employment would provide the Eligible Employee with grounds to terminate employment for Good Reason;
- D. The Eligible Employee continues employment until the termination date designated by the Company, as such date may be extended by the Company from time to time in its sole discretion, provided that, following a Change in Control, the Company shall not be permitted to require such employment for a period that exceeds 30 days following (i) in the case of Section IV.B(1) or (2) of this Executive Plan, the date that the Eligible Employee receives a notice of termination from the Company or an Affiliate, and (ii) in the case of Section IV.B(3) of this Executive Plan, the date that the Company’s period to remedy in all material respects the applicable Good Reason condition expires;
- E. During the period from the date the Eligible Employee receives notice of termination until the termination date (which period, in the event of a termination following a Change in Control, shall not exceed 30 days following the date that the Eligible Employee receives notice of termination), the Eligible Employee’s performance and conduct are reasonably in accordance with all material policies and procedures of the Company and are otherwise reasonably satisfactory to the Company;
- F. The Eligible Employee executes and delivers to the Company a general and full release of claims on a form that is then acceptable to the Company and with such other terms as the Company may then require (the “Employee Release”) (which Employee Release, in the event of a termination following a Change in Control, shall be reasonably consistent with the Employee Release utilized by the Company prior to the Change in Control), within the timeframe required by the Older Workers Benefit Protection Act or the timeframe provided by the Company, whichever is later, and, having signed the Employee Release, if a revocation right is afforded to the Eligible Employee, the Eligible Employee does not timely revoke it;
- G. The Eligible Employee fulfills, and agrees to continue to fulfill, all of his or her obligations, whether due to contract, statute or common law, to the Company and the Affiliates with respect to Confidential Information, non-disclosure, non-competition, and non-solicitation and with respect to such other obligations, as may from time to time be required by the Company, including but not limited to those restrictive covenants set forth in Section VIII; and
- H. The Eligible Employee timely delivers to the Company a resignation from all offices, directorships and fiduciary positions with the Company, the Affiliates and employee benefit plans.

V. SEVERANCE BENEFITS ABSENT A CHANGE IN CONTROL

An Eligible Employee who experiences a Qualifying Termination that is not a Change in Control Termination shall be entitled to the following (in addition to the Accrued Obligations):

A. SEVERANCE PAY

An Eligible Employee shall receive the following severance pay, payable in a lump sum within 74 days following his/her Qualifying Termination, provided that, to the extent necessary to avoid any taxes or penalties pursuant to Section 409A (as defined in Section IX.G), any portion of the following severance pay that constitutes deferred compensation within the meaning of Section 409A that was payable pursuant to an Individual Agreement shall be paid at the earliest date that is permitted in accordance with the schedule set forth in the Individual Agreement, as in effect on the date of termination of the Individual Agreement or at such time later time as required by Section IX.G:

Tier as of Termination Date	Cash Severance
Tier I Eligible Employee (EVP/SVP)	Prorated Target Bonus <i>plus</i> 1x Base Salary
Tier II Eligible Employee (BU CEO)	Prorated Target Bonus <i>plus</i> 1x Base Salary
Tier III Eligible Employee (Other)	Prorated Target Bonus <i>plus</i> .75x Base Salary

Base salary is equal to the Eligible Employee's annual base salary at the time of the Qualifying Termination ("Base Salary"). The prorated bonus shall be determined by multiplying the Eligible Employee's annual bonus at target by a fraction the numerator of which is the number of full months the Eligible Employee worked in the calendar year and the denominator of which is 12 (the "Prorated Target Bonus"). For the avoidance of doubt, Eligible Employees who are eligible for Qualified Retirement (as defined in the Company's Bonus Plan as may be in effect from time to time) shall receive a Prorated Target Bonus pursuant to the terms of this Executive Plan in lieu of any bonus provided for in the Company's Bonus Plan.

Amounts payable under this Section V.A shall be reduced by all taxes and other amounts which the Company is required to withhold under applicable law.

B. MEDICAL AND DENTAL BENEFITS

If the Eligible Employee has timely elected to continue his or her participation and, if applicable, that of his or her eligible dependents, in the Company's group health and dental plans under the Consolidated Omnibus Budget Reconciliation Act of 1985 ("COBRA"), the Eligible Employee will be responsible to pay contributions for the health and dental insurance continuation coverage (collectively, "Medical Coverage") provided under this Section V.B in the same amount as is charged to similar active employees for similar coverage (and the Company shall pay the remainder of the COBRA premium amount) for the applicable period set forth below or, if earlier, until the date that the Eligible Employee becomes eligible for group health coverage from a subsequent employer.

Tier as of Termination Date	Medical and Dental Benefits
Tier I Eligible Employee (EVP/SVP)	12 months
Tier II Eligible Employee (BU CEO)	12 months
Tier III Eligible Employee (Other)	9 months

C. LONG TERM INCENTIVE AWARDS

Outstanding Company equity awards held by the Eligible Employee at the time of his/her Qualifying Termination shall continue to vest, and stock options and stock appreciation rights shall continue to be exercisable to the extent that their original terms have not then expired, for the number of months following the Qualifying Termination set forth below (and any stock options or stock appreciation rights that first become exercisable less than 90 days prior to the end of the equity continuation period below shall remain exercisable for 90 days following the date that they first become exercisable). For any performance-based restricted stock units ("PSUs") eligible to vest pursuant to the prior sentence, the level at which such PSUs are earned shall be based upon actual performance and be settled around the same time as PSUs are settled for the Company's officers generally.

Any unvested Cash Long-Term Incentive Plan (“CLTIP”) awards outstanding at the time of the Qualifying Termination will be prorated (based on full months worked in the performance period) and will be earned based upon actual performance. Any such CLTIP amount shall be paid in a single, lump sum payment at the same time CLTIP awards for the applicable year are paid to the Company’s officers generally. CLTIP awards that become vested as set forth in this Section V.C shall be settled on the dates that they otherwise would have been settled in the event that the Eligible Employee’s employment had continued until the applicable vesting date, subject to Section IX.G.

Except in the case of stock options and stock appreciation rights, any equity awards that become vested as set forth in this Section V.C shall be settled on the dates that they otherwise would have been settled in the event that the Eligible Employee’s employment had continued until the applicable vesting date, subject to Section IX.G.

Tier as of Termination Date	Equity Continuation*
Tier I Eligible Employee (EVP/SVP)	12 months
Tier II Eligible Employee (BU CEO)	12 months
Tier III Eligible Employee (Other)	9 months

*Provided that, for an Eligible Employee who is eligible for Qualified Retirement (as defined in the applicable PSU award agreement) as of the date of the Qualifying Termination, in lieu of the equity continuation set forth in the table above, a pro-rata amount of PSUs shall remain eligible to vest based on the Company’s performance during the performance period, based on the number of full months employed by the Company during the entire vesting period of each outstanding PSU award.

*Provided further, that to the extent an Eligible Employee’s restricted stock units (“RSUs”) were subject to the Modified Retirement Vesting Schedule (as defined in the applicable RSU award agreement) upon grant, no such RSUs shall continue to vest after the Qualifying Termination, as provided in the applicable RSU award agreement, and any unvested RSUs will be forfeited upon the Qualifying Termination.

D. OUTPLACEMENT ASSISTANCE

Assistance in the search for new employment will be provided to Eligible Employees who experience a Qualifying Termination, either through a state or local government agency or service or an outplacement firm for six months following the Qualifying Termination. The Company reserves the right to make the final decision as to the nature and extent of assistance to be provided and the designation or selection of the agency, service or outplacement firm.

VI. SEVERANCE BENEFITS IN CONNECTION WITH A CHANGE IN CONTROL

An Eligible Employee who experiences a Change in Control Termination shall be entitled to the following (in addition to the Accrued Obligations), in lieu of the severance benefits set forth in Section V:

A. SEVERANCE PAY

An Eligible Employee shall receive severance pay, payable in a lump sum within 74 days following his/her Qualifying Termination, provided that, to the extent necessary to avoid any taxes or penalties pursuant to Section 409A, any portion of the following severance pay that constitutes deferred compensation within the meaning of Section 409A that was payable pursuant to an Individual Agreement shall be paid at the earliest date that is permitted in accordance with the schedule set forth in the Individual Agreement, as in effect on the date of termination of the Individual Agreement or at such time later time as required by Section IX.G:

Tier as of Termination Date	Cash Severance
Tier I Eligible Employee (EVP/SVP)	2x Base Salary <i>plus</i> 2x Average Bonus <i>plus</i> Prorated Target Bonus
Tier II Eligible Employee (BU CEO)	1.5x Base Salary <i>plus</i> 1.5x Average Bonus <i>plus</i> Prorated Target Bonus
Tier III Eligible Employee (Other)	1x Base Salary <i>plus</i> 1x Average Bonus <i>plus</i> <u>Prorated Target Bonus</u>

“Average Bonus” is defined as the greater of (i) the Eligible Employee’s target annual bonus then in effect or (ii) the average annual cash bonus earned by the Eligible Employee for the two (2) most recent full calendar years for which an annual cash bonus had been determined prior to the date of termination (or if greater, prior to the Change in Control) (with any amounts deferred at the election of the Eligible Employee treated as having been paid to the Eligible Employee). In addition, the Prorated Target Bonus will disregard any reduction in target bonus following the Change in Control.

In the event of a Change in Control Termination that occurs prior to a Change in Control, (i) the amounts payable pursuant to this Section VI.A shall be reduced by the amount of any cash severance or Prorated Target Bonus previously paid under Section V.A, and (ii) except as necessary to avoid any taxes or penalties pursuant to Section 409A and subject to Section IX.G, the additional cash severance payable pursuant to this Section VI.A shall be paid within 74 days following the Change in Control.

Benefits payable under this Section VI.A shall be reduced by all taxes and other amounts which the Company is required to withhold under applicable law and shall be payable as lump sum at one of the Company’s regular payroll periods and in accordance with its regular payroll practices.

B. MEDICAL, DENTAL AND LIFE INSURANCE BENEFITS

If the Eligible Employee is eligible to continue his or her participation, and that of his or her eligible dependents, in the Company’s group health and dental plans under COBRA, the Eligible Employee may exercise his or her right to do so in a timely manner. During the period of time specified below based on the Eligible Employee’s Tier as in effect on the date of termination, and during which the Eligible Employee has also timely elected Medical Coverage the Eligible Employee will be responsible to pay contributions for Medical Coverage provided under this Section VI.B in the same amount as is charged to similar active employees for similar coverage, rather than the full COBRA premium amount, and the Company shall pay the remainder of the COBRA premium amount for the applicable period set forth below or, if earlier, the date that the Eligible Employee becomes eligible for substantially comparable group health coverage from a subsequent employer.

Tier as of Termination Date	Medical and Dental Benefits
Tier I Eligible Employee (EVP/SVP)	18 months
Tier II Eligible Employee (BU CEO)	18 months
Tier III Eligible Employee (Other)	12 months

If the Company purchased a life insurance policy for the benefit of the Eligible Employee’s beneficiaries prior to the Change in Control, the Company will continue to maintain and pay all expenses associated with the corporate-owned life insurance policy for the remainder of Eligible Employee’s life. For purposes of calculating the amount of severance in this Section VI.B. due as a result of a Qualifying Termination, the Eligible Employee’s Base Salary and bonus amount at target will be based on the highest amount of such Base Salary and bonus amount at target during the two (2) year period ending on the date of termination.

C. LONG TERM INCENTIVE AWARDS

Any stock awards, stock options, stock appreciation rights or other equity-based awards or CLTIP awards held by the Eligible Employee (including, for the avoidance of doubt, an Eligible Employee who is eligible for Qualified Retirement) are outstanding immediately prior to the Change in Control Termination shall, to the extent not then vested, fully vest and become exercisable as of the date of the Change in Control Termination (with any applicable performance goals deemed achieved at the greater of target level performance and actual performance in respect of the period prior to the Change in Control) and Eligible Employee shall have the right to exercise any such stock option, stock appreciation right, or other exercisable equity-based award until the earlier to occur of (i) one (1) year from the date of the Change in Control Termination and (ii) the expiration date of such stock option, stock appreciation right or other equity-based award as set forth in the agreement evidencing such award.

D. OUTPLACEMENT ASSISTANCE

Assistance in the search for new employment will be provided for Eligible Employees for six (6) months following the Change in Control Termination through an outplacement firm reasonably selected by the Company.

VII. TERMINATION OF BENEFITS

Notwithstanding anything to the contrary contained in this Executive Plan, severance pay and other benefits to which an Eligible Employee is entitled under Sections V or VI of this Executive Plan following a Qualifying Termination shall terminate upon the occurrence of the following circumstances:

- A. If the Eligible Employee accepts employment with the Company, one of the Affiliates, a Successor or a Purchaser, after qualifying for benefits under this Executive Plan, all such benefits will cease as of the date the Eligible Employee commences such employment.
- B. Prior to a Change in Control, all benefits under this Executive Plan may be terminated by the Company in the event that it determines, in its sole discretion, that the Eligible Employee has violated any obligation set forth in Sections IV or VIII of this Executive Plan.

VIII. RESTRICTIVE COVENANTS

The receipt of the benefits outlined in Section V and VI is conditioned on the Eligible Employee complying with the following:

- A. Non-Disclosure. Eligible Employee 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 Eligible Employee obtains while performing services for the Company, except as may be required to fulfill his/her duties to the Company or to comply with any applicable legal obligation.
- B. Non-Competition; Non-Solicitation.
 1. During Eligible Employee's employment with the Company and for the Restricted Period, Eligible Employee must adhere to the terms of any non-competition agreement or covenants entered into between the Eligible Employee and the Company or any of the Affiliates.
 2. During the Restricted Period, Eligible Employee 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 or any Affiliate of the Company that Eligible Employee had dealings with, or responsibility for, or about which Eligible Employee had access to the Confidential Information or any customers', vendors' or suppliers' confidential information.
 3. Eligible Employee shall not, at any time during the Restricted Period, without the prior written consent of the Company, (a) directly or indirectly, solicit, recruit, hire, or employ (whether as an employee, officer, director, agent, consultant or independent contractor) any person who was or is at any time during the previous six (6) months an employee, representative, officer or director of the Company or any Affiliate of the Company; or (b) take any action to encourage or induce any employee, representative, contractor, consultant, vendor, officer or director of the Company or any Affiliate or division of the Company to cease their relationship with the Company or any Affiliate of the Company for any reason.

C. Remedies for Breach.

1. Because Eligible Employee's services are unique and because Eligible Employee has access to the Company's Confidential Information, any breach or threatened breach of this Section VIII will cause irreparable harm to the Company and that money damages alone would be an inadequate remedy, and in addition to all other rights and remedies available to it under this Executive Plan or otherwise, and whether in equity or at law, 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 VIII.
2. Any breach of this Section VIII would also constitute a material breach of this Executive Plan and, the event of such a breach prior to a Change in Control, Eligible Employee will within 10 days after such breach repay any payments made and forfeit all payments to be made pursuant to Sections V or VI. The Company expressly reserves the right to pursue all other legal and equitable remedies available to it by virtue of any breach of this Section VIII, including without limitation injunctive relief.
3. The remedies provided for in this Section VIII are cumulative and not exclusive of any and other remedies available under this Executive Plan or otherwise, and whether in equity or at law. In that regard, while the forfeiture of payments and benefits referenced above (to the extent applicable) is appropriate in the event of a breach of this Section VIII, injunctive relief to prevent a continuing breach would still be necessary to give the Company an adequate remedy.

IX. GENERAL INFORMATION CONCERNING THE PLAN

- A. The Company pays the full cost of benefits provided under this Executive Plan from its general assets.
- B. Notwithstanding anything to the contrary contained herein, benefits shall be reduced by any other payments or benefits to which the Eligible Employee is entitled under applicable law as a result of termination of his/her employment, including without limitation any federal, state or local law with respect to plant closings, mass layoffs or group benefit plan continuation following termination or the like.
- C. Benefits under the Executive Plan are not assignable or subject to alienation. Likewise, benefits are not subject to attachments by creditors or through legal process against the Company, any of the Affiliates or any Eligible Employee.
- D. Notwithstanding anything to the contrary contained herein, any and all payments to be provided hereunder to or on behalf of any Eligible Employee are subject to reduction to the extent required by applicable statutes, regulations, rules and directives of federal, state and other governmental and regulatory bodies having jurisdiction over the Company or any of the Affiliates or a successor of the Company or any of the Affiliates.
- E. This Executive Plan does not constitute a contract of employment for a specific term or otherwise alter the at-will nature of the employment relationship between any Eligible Employee and the Company. An individual who is covered by an Individual Agreement with the Company will not be an Eligible Employee unless, not later than 120 days following the effective date of this Executive Plan (or such longer period as determined by the Plan Administrator in its sole discretion), such individual agrees in writing that his or her existing rights under such Individual Agreement are terminated and replaced with the provisions of this Executive Plan.
- F. The Company shall have the right to act for and on behalf of any or all of the Affiliates in all matters relating to the Executive Plan.

- G. The Executive Plan is intended to comply with, or be exempt from, the applicable requirements of Section 409A of the Code (“Section 409A”), and the Executive Plan will be interpreted on a basis consistent with such intent. Notwithstanding anything contained herein to the contrary, the Eligible Employee shall not be considered to have terminated employment with the Company for purposes of any payments under this Executive Plan which are subject to Section 409A until the Eligible Employee has incurred a “separation from service” from the Company within the meaning of Section 409A. Each amount to be paid or benefit to be provided under this Executive Plan shall be construed as a separate identified payment for purposes of Section 409A. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid an accelerated or additional tax under Section 409A, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this Executive Plan during the six-month period immediately following the Eligible Employee’s separation from service shall instead be paid on the first business day after the date that is six months following the Eligible Employee’s separation from service (or, if earlier, the Eligible Employee’s date of death). To the extent required to avoid an accelerated or additional tax under Section 409A, amounts reimbursable to the Eligible Employee shall be paid to the Eligible Employee on or before the last day of the year following the year in which the expense was incurred and the amount of expenses eligible for reimbursement (and in-kind benefits provided to the Eligible Employee) during one year may not affect amounts reimbursable or provided in any subsequent year. In no event may an Eligible Employee, directly or indirectly, designate the calendar year of a payment, and in the event the period for executing the Employee Release overlaps two calendar years, severance benefits shall be paid in the second year to the extent required in order to avoid an accelerated or additional tax under Section 409A. The Company makes no representation that any or all of the payments described in this Executive Plan will be exempt from or comply with Section 409A and makes no undertaking to preclude Section 409A from applying to any such payment. This Section IX.G. shall not apply to payments for Medical Coverage under Sections V.B. or VI.B.
- H. Prior to a Change in Control (or, solely to the extent required by applicable law, following a Change in Control), benefits under the Executive Plan shall be subject to any applicable clawback policies or provisions adopted by the Company from time to time.
- I. In the case of any Eligible Employee that is a “disqualified individual” (as defined in Section 280G of the Code), the following provisions shall apply if any compensation, payment or distribution by the Company or any of its Affiliates to or for the benefit of such Eligible Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Executive Plan or otherwise, calculated in a manner consistent with Section 280G of the Code (collectively, the “Parachute Payments”), would be subject to the excise tax imposed by Section 4999 of the Code or any interest or penalties with respect to such excise tax (such excise tax, together with any such interest and penalties, are collectively referred to as the “Excise Tax”), the following provisions shall apply:
1. If the Parachute Payments, reduced by the sum of the Excise Tax and the total of the federal, state, and local income and employment taxes (the “Income and Employment Taxes”) payable by such Eligible Employee on the amount of the Parachute Payments which are in excess of the Threshold Amount, are greater than or equal to the Threshold Amount, such Eligible Employee shall be entitled to the full Parachute Payments.
 2. If the Threshold Amount is less than (x) the Parachute Payments, but greater than (y) the Parachute Payments reduced by the sum of the Excise Tax and the Income and Employment Taxes on the amount of the Parachute Payments which are in excess of the Threshold Amount, then the Parachute Payments shall be reduced (but not below zero) to the extent necessary so that the sum of all Parachute Payments shall not exceed the Threshold Amount. In such event, the Parachute Payments shall be reduced in the following order to the extent applicable: (1) cash severance benefits not subject to Section 409A; (2) cash severance benefits subject to Section 409A; (3) cash-based long-term incentive awards subject to accelerated vesting upon a Qualifying Termination; (4) equity-based awards subject to accelerated vesting upon a Qualifying Termination; (5) non-cash benefits payable upon a Qualifying Termination, such as Medical Coverage and outplacement benefits; (6) cash awards payable automatically upon a Change in Control; and (7) equity-based awards payable automatically upon a Change in Control. If any reduced payment is made and

through error or otherwise that payment exceeds the Threshold Amount, such Eligible Employee shall immediately repay such excess to the Company upon notification that any such overpayment has been made to the Eligible Employee.

3. For the purposes of this Section IX.I, "Threshold Amount" shall mean three times the Eligible Employee's "base amount" within the meaning of Section 280G(b)(3) of the Code less one dollar (\$1.00). All determinations required to be made under this Section IX.I shall be made by an independent accounting firm retained by the Company prior to the date of Change in Control (the "Accounting Firm"), which shall provide detailed supporting calculations both to the Company and the Eligible Employee within fifteen (15) business days of the date of termination, or such earlier time as is requested by the Company. The Accounting Firm shall take into account any positions to mitigate any excise taxes payable under Section 4999 of the Code, such as the value of any reasonable compensation for services to be rendered by the Eligible Employee before or after the Change in Control, including any amounts payable to the Eligible Employee following termination of employment with respect to any restrictive covenants, and the Company shall cooperate in the valuation of any such services, including any non-competition provisions. Any determination by the Accounting Firm shall be binding upon the Company and the Eligible Employee.

X. ADMINISTRATION, CLAIMS PROCEDURE AND GENERAL INFORMATION

- A. The Company reserves the right to amend, modify and terminate this Executive Plan at any time by a written instrument signed by the Plan Administrator. Except as required by applicable law, any amendments, modifications or a termination of this Executive Plan that are adverse to the interests of an Eligible Employee will become effective in respect of such Eligible Employee on the one-year anniversary of the approved change. Furthermore, upon the occurrence of a Change in Control, no amendment, modification or termination shall become effective prior to the expiration of the two-year period after such Change in Control. There are no vested benefits under this Executive Plan. Also, the Plan Administrator reserves full discretion to administer the Executive Plan in all of its details, subject to the requirements of law. The Plan Administrator shall have such discretionary powers as are necessary to discharge its duties. The Plan Administrator may in its sole discretion delegate its discretion to the Company. Any interpretation or determination that the Plan Administrator makes regarding this Executive Plan, including without limitation determinations of eligibility, participation and benefits, including whether an employee qualifies as an Eligible Employee, are within the Plan Administrator's sole and absolute discretion, and will be final, binding and conclusive, in the absence of clear and convincing evidence that the Plan Administrator acted arbitrarily and capriciously, provided that, following a Change in Control, any exercise of discretion must be made reasonably and in good faith.
- B. If you believe you are being denied any rights under the Executive Plans, you may file a claim in writing with the Plan Administrator. If your claim is denied, in whole or in part, the Plan Administrator will notify you in writing, giving the specific reasons for the decision, including specific reference to the pertinent Executive Plan provisions and a description of any additional material or information necessary to perfect your claim and an explanation of why such material or information is necessary. The written notice will also advise you of your right to request a review of your claim and the steps that need to be taken if you wish to submit your claim for review. If the Plan Administrator does not notify you of its decision within 90 days after it had received your claim (or within 180 days, if special circumstances exist requiring additional time, and if you had been given a written explanation for the extension within the initial-90-day claim period), you should consider your claim to have been denied. At this time you may request a review of the denial of your claim.
- C. A request for review must be made in writing by you or your duly authorized representative to the Plan Administrator, within 60 days after you have received the notice of denial. As part of your request, you may submit written issues and comments to the Plan Administrator, review pertinent documents, and request a hearing. The Plan Administrator's written decision will be made within 60 days (or 120 days if a hearing is held or if other special circumstances exist requiring more than 60 days and written notice of the extension is provided to you within the initial 60-day period) after your request has been received. Again, the decision will include specific reasons including references to pertinent Executive Plan provisions.

- D. No legal action for benefits under the Executive Plan may be brought until the claimant (a) has submitted a written application for benefits in accordance with the procedures described by Paragraph B above, (b) has been notified by the Plan Administrator that the application is denied (or the application is deemed denied due to the Plan Administrator's failure to act on it within the established time period), (c) has filed a written request for a review of the application in accordance with the appeal procedure described in Paragraph C above and (d) has been notified in writing that the Plan Administrator has denied the appeal (or the appeal is deemed to be denied due to the Plan Administrator's failure to take any action on the claim within the time prescribed by Paragraph C above).
- E. As a participant in the Executive Plan, you are entitled to certain rights and protections under ERISA. ERISA provides that all Executive Plan participants shall be entitled to:
1. Examine, without charge, at the Plan Administrator's office, all Executive Plan documents and copies of the documents filed by the Plan Administrator with the U.S. Department of Labor; and
 2. Obtain copies of these documents and other Executive Plan information upon written request to the Plan Administrator. The Plan Administrator may make a reasonable charge for the copies.

In addition to creating rights for Executive Plan participants, ERISA imposes duties upon the people who are responsible for the operation of the Executive Plan. The people who operate the Executive Plan, called "fiduciaries," have a duty to do so prudently and in the interest of Executive Plan participants. Neither the Company nor any other person may discriminate against an employee in any way to prevent him or her from obtaining benefits or exercising rights under ERISA. If a claim for benefits is denied in whole or in part, you must receive a written explanation of the reason for the denial. You have the right to have the Plan Administrator review and reconsider the claim.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the Plan Administrator and you do not receive them within 30 days, a suit may be filed in federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$ 110 a day until they are received, unless they were not sent due to reasons beyond the Plan Administrator's control. If you have a claim for benefits which is denied or not processed, in whole or in part, a suit may be pursued in a state or federal court, but if you file suit in state court, the suit may be removed to federal court. If you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or may file suit in a federal court. The court will decide who should pay the court costs and legal fees. If you are successful, the court may order the other party to pay these costs and fees. If you should lose, the court may order you to pay these costs and fees. Notwithstanding the foregoing, in any action brought by you following a Change in Control for damages or to enforce any provisions of this Executive Plan, if you prevail on at least one material issue, then the Company shall pay one hundred percent (100%) of all legal fees and expenses incurred by you in enforcing your rights pursuant to the Executive Plan. If you have any questions about the Executive Plan, you should contact the Plan Administrator. If there are any questions about this statement or about employee rights under ERISA, please contact the nearest area office of Pension and Welfare Benefits, U.S. Department of Labor.

- F. The Executive Plan is intended to constitute a "severance pay arrangement" within the meaning of Section 3(2)(B)(i) of ERISA so as to be excepted from the definitions of "employee pension benefit plan" and "pension plan" set forth under section 3(2) of ERISA, and is intended to meet the descriptive requirements of a plan constituting a "severance pay plan" within the meaning of regulations published by the Secretary of Labor at Title 29, Code of Federal Regulations § 2510.3-2(b). The Executive Plan is also intended to constitute an "unfunded welfare plan" maintained by the Company for the purpose of providing benefits for a select group of management or highly compensated employees such that it will be, among other things, exempt from the reporting and disclosure requirements of Part 1 of Title I of ERISA. In the event that the Executive Plan does not meet the requirements of a "severance pay arrangement" or an "unfunded welfare plan" as described above, the Executive Plan is intended to be "a plan which is unfunded and maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensation employees," within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA.

G. The following information about this Executive Plan is provided in accordance with the applicable requirements of ERISA and the regulations promulgated thereunder:

Plan Sponsor Centene Corporation

Employer Identification Number of Plan Sponsor 39-1864073

Plan Number TBD

Plan Administrator The Compensation and Talent Committee of the Board of Directors of Centene Corporation

Type of Plan The Executive Plan is a severance pay plan.

Source of Funding The Executive Plan is unfunded; benefits are paid out of the general assets of the Company.

Plan Year January 1-December 31

Legal Process The agent for service of legal process with respect to the Executive Plan is:

Chief People Officer
Centene Corporation
7700 Forsyth Blvd., 8th Floor
St. Louis, MO 63105-3318

IN WITNESS WHEREOF, the Company has caused the Centene Corporation Amended and Restated Executive Severance and Change in Control Plan to be duly executed under authority of its Board of Directors.

CENTENE CORPORATION
By: /s/ TANYA MCNALLY
Chief People Officer

Summary of Centene Corporation Amended and Restated Executive Severance and Change in Control Plan

Termination due to a Qualifying Termination that is not a Change in Control Termination:

	Tier I (EVP/SVP)	Tier II (Market or Business Unit CEO)	Tier III (Other)
Severance (lump sum)	1x Base Salary + Prorated Target Bonus	1x Base Salary + Prorated Target Bonus	.75x Base Salary + Prorated Target Bonus
Equity (continued vesting)*	12 months*	12 months*	9 months*
CLTIP (if applicable)	Prorated @ actual performance	Prorated @ actual performance	Prorated @ actual performance
COBRA (Company subsidized)	12 months	12 months	9 months
Outplacement	6 months	6 months	6 months

*See Section V.C for Qualified Retirement eligible treatment.

Termination due to Qualifying Termination that is a Change in Control Termination:

	Tier I (EVP/SVP)	Tier II (Market or Business Unit CEO)	Tier III (Other)
Severance (lump sum)	2x Base Salary + 2x Average Bonus + Prorated Target Bonus	1.5x Base Salary + 1.5x Average Bonus + Prorated Target Bonus	1x Base Salary + 1x Average Bonus + Prorated Target Bonus
Equity (accelerated vesting)	All	All	All
CLTIP (if applicable)	Full vesting	Full vesting	Full vesting
COBRA (Company subsidized)	18 months	18 months	12 months
Outplacement	6 months	6 months	6 months

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: October 25, 2024

/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: October 25, 2024

/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 September 30, 2024, 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: October 25, 2024

/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 September 30, 2024, 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: October 25, 2024

/s/ ANDREW L. ASHER

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