



**ELEVANCE HEALTH REPORTS SECOND QUARTER 2022 RESULTS,
RAISES FULL YEAR OUTLOOK**

- **Second quarter GAAP net income was \$6.79 per share, including net negative adjustment items of \$1.25 per share. Adjusted net income was \$8.04* per share.**
- **Operating revenue grew 15.6% over the prior year quarter to \$38.5 billion.**
- **Operating gain grew 13.7% over the prior year quarter to \$2.4 billion.**
- **Medical enrollment increased 2.7 million members year-over-year and 276 thousand members during the quarter to 47.1 million members.**
- **Third quarter 2022 dividend of \$1.28 per share declared to shareholders.**

Indianapolis, Ind. - July 20, 2022 - Elevance Health, Inc. (NYSE: ELV) reported second quarter 2022 results reflecting strong financial performance, including double-digit growth in revenue, operating earnings, and adjusted earnings per share.

"The disciplined execution of our strategy, and the balance and resilience of our diversified portfolio of businesses has enabled us to deliver another quarter of strong organic growth, and we have raised our outlook for 2022 earnings per share as a result," said Gail K. Boudreaux, President and CEO. "Our recent name change to Elevance Health and the broader rebranding strategy underscores our transformation to a lifetime, trusted health partner and our diversified set of businesses that lend resilience in any business environment. We are uniquely well-positioned for growth in the future as we remain focused on meeting the needs of our clients and customers."

The Company now expects GAAP net income to be greater than \$25.28 per share, including approximately \$3.42 per share of net unfavorable items. The Company now expects full-year adjusted net income to be greater than \$28.70 per share, based on stronger than expected results year-to-date.

*Refer to GAAP reconciliation tables on page 14.

CONSOLIDATED HIGHLIGHTS

Earnings Per Share: GAAP net income was \$6.79 per share in the second quarter, including net negative adjustment items of \$1.25 per share. Adjusted net income was \$8.04* per share, up 14.4% from \$7.03 in the same period a year ago.

*Please refer to the GAAP reconciliation tables on page 14.

Membership: Medical enrollment totaled approximately 47.1 million members as of June 30, 2022, an increase of 2.7 million, or 6.1 percent from the prior year quarter. Government Business enrollment increased by 1.6 million lives compared to the prior year quarter, primarily driven by organic growth in the Medicaid business, aided by the suspension of eligibility recertification efforts in our markets, the launch of Healthy Blue in North Carolina, the acquisitions of Paramount Advantage and Integra Managed Care and organic growth in Medicare Advantage. Commercial & Specialty Business enrollment increased by 1.2 million year over year primarily driven by strong sales in both fee-based and risk-based businesses.

During the second quarter of 2022, medical enrollment increased by 276 thousand lives driven by organic growth in Medicaid due to suspension of eligibility recertification, higher BlueCard activity and the acquisition of Integra Managed Care, which added 43 thousand members.

Operating Revenue: Operating revenue was \$38.5 billion in the second quarter of 2022, an increase of \$5.2 billion, or 15.6 percent, from the prior year quarter. The increase was driven by higher premium revenue due to membership growth in Medicaid, the acquisitions of MMM and Paramount Advantage, as well as premium rate increases to cover overall cost trends and growth in Medicare Advantage and Commercial risk-based membership. The increase in operating revenue was further attributable to the growth in pharmacy product revenue within IngenioRx, the acquisition of Integra Managed Care and the launch of Healthy Blue in North Carolina.

Benefit Expense Ratio: The benefit expense ratio was 87.0 percent in the second quarter of 2022, an increase of 20 basis points over the prior year quarter. The increase was primarily driven by a shift in mix of business driven by faster growth in Government programs, which have a higher benefit expense ratio, as compared to growth in the Commercial & Specialty risk business, which represented 27% of premium revenue in the second quarter, down from 29% in the prior year quarter.

Medical claims reserves established at December 31, 2021 developed in line with the Company's expectations as of the second quarter of 2022.

Days in Claims Payable: Days in Claims Payable was 47.8 days as of June 30, 2022, an increase of 0.9 days from March 31, 2022 and a decrease of 0.3 days compared to June 30, 2021. The timing of certain provider pass-through payments and corresponding reserves set in the current year had the effect of increasing Days in Claims Payable by 1.8 days, which we expect will reverse in the third quarter, while the timing of the acquisitions of MMM and myNEXUS increased Days in Claims Payable by 1.6 days in the second quarter of 2021.

SG&A Expense Ratio: The SG&A expense ratio was 11.1 percent in the second quarter of 2022, a decrease of 40 basis points from 11.5 percent in the second quarter of 2021. The decrease was primarily driven by operating expense leverage associated with growth in operating revenue, partially offset by increased spend to support growth.

Operating Cash Flow: Operating cash flow was approximately \$2.5 billion, or 1.5 times net income in the second quarter of 2022, an increase of \$769 million as compared to the prior year quarter. The year-on-year increase was driven by the impact of working capital changes, including the timing of certain provider pass-through payments.

Share Repurchase Program: During the second quarter of 2022, the Company repurchased 1.3 million shares of its common stock for \$624 million, at a weighted average price of \$489.07. Year-to-date, as of the end of the second quarter, the Company repurchased 2.5 million shares of its common stock for \$1.2 billion, at a weighted average price of \$471.72. As of June 30, 2022, the Company had approximately \$3.0 billion of Board-approved share repurchase authorization remaining.

Cash Dividend: During the second quarter of 2022, the Company paid a quarterly dividend of \$1.28 per share, representing a distribution of cash totaling \$309 million.

On July 19, 2022, the Audit Committee of the Company's Board of Directors declared a third quarter 2022 dividend to shareholders of \$1.28 per share. The third quarter dividend is payable on September 23, 2022, to shareholders of record at the close of business on September 9, 2022.

Investment Portfolio & Capital Position: During the second quarter of 2022, the Company recorded net losses of \$231 million. During the second quarter of 2021, the Company recorded net gains of \$172 million. These amounts are excluded from adjusted earnings per share.

As of June 30, 2022, the Company's net unrealized loss position in the investment portfolio was \$2.0 billion, consisting primarily of fixed maturity securities. As of June 30, 2022 cash and investments at the parent company totaled approximately \$948 million.

REPORTABLE SEGMENTS

Elevance Health has four reportable segments: Commercial & Specialty Business (comprised of Individual, Group risk-based, Group fee-based, and BlueCard businesses); Government Business (comprised of the Medicaid, Medicare, and Federal Health Products & Services businesses); IngenioRx; and Other (comprised of the Carelon companies, formerly known as our Diversified Business Group, and corporate expenses not allocated to our other reportable segments).

| Elevance Health, Inc. | | | | | | |
|--------------------------------------|----------------------------|----------|---------|--------------------------|----------|----------|
| Reportable Segment Highlights | | | | | | |
| (Unaudited) | | | | | | |
| <i>(In millions)</i> | Three Months Ended June 30 | | | Six Months Ended June 30 | | |
| | 2022 | 2021 | Change | 2022 | 2021 | Change |
| Operating Revenue | | | | | | |
| Commercial & Specialty Business | \$10,561 | \$9,550 | 10.6 % | \$20,830 | \$19,041 | 9.4 % |
| Government Business | 23,835 | 20,066 | 18.8 % | 47,593 | 39,349 | 21.0 % |
| IngenioRx | 7,071 | 6,219 | 13.7 % | 13,754 | 12,081 | 13.8 % |
| Other | 3,298 | 2,517 | 31.0 % | 6,519 | 4,887 | 33.4 % |
| Eliminations | (6,283) | (5,073) | 23.9 % | (12,328) | (9,981) | 23.5 % |
| Total Operating Revenue ¹ | \$38,482 | \$33,279 | 15.6 % | \$76,368 | \$65,377 | 16.8 % |
| Operating Gain | | | | | | |
| Commercial & Specialty Business | \$806 | \$791 | 1.9 % | \$1,888 | \$2,059 | (8.3)% |
| Government Business | 996 | 868 | 14.7 % | 1,785 | 1,346 | 32.6 % |
| IngenioRx | 479 | 405 | 18.3 % | 877 | 812 | 8.0 % |
| Other | 86 | 17 | 405.9 % | 264 | 25 | 956.0 % |
| Total Operating Gain ¹ | \$2,367 | \$2,081 | 13.7 % | \$4,814 | \$4,242 | 13.5 % |
| Operating Margin | | | | | | |
| Commercial & Specialty Business | 7.6 % | 8.3 % | (70) bp | 9.1 % | 10.8 % | (170) bp |
| Government Business | 4.2 % | 4.3 % | (10) bp | 3.8 % | 3.4 % | 40 bp |
| IngenioRx | 6.8 % | 6.5 % | 30 bp | 6.4 % | 6.7 % | (30) bp |
| Total Operating Margin ¹ | 6.2 % | 6.3 % | (10) bp | 6.3 % | 6.5 % | (20) bp |

1. See "Basis of Presentation" on page 6 herein.

2. "NM" = calculation not meaningful.

Commercial & Specialty Business: Operating gain in the Commercial & Specialty Business segment totaled \$806 million in the second quarter of 2022, an increase of \$15 million from \$791 million in the second quarter of 2021. The increase was primarily driven by the positive contribution from growth in risk- and fee-based membership, partially offset by the net unfavorable effect of COVID.

Government Business: Operating gain in the Government Business segment was \$996 million in the second quarter of 2022, an increase of \$128 million from \$868 million in the second quarter of 2021. The increase was primarily attributable to premium rates in Medicare that better reflect the acuity of our members and membership growth in Medicaid.

IngenioRx: Operating gain was \$479 million in the second quarter of 2022, an increase of \$74 million from \$405 million in the second quarter of 2021. The increase was driven by an in-year out of period favorable adjustment and the impact of higher prescription volume associated with growth in integrated medical and pharmacy members.

Other: The Company reported an operating gain of \$86 million in the Other segment for the second quarter of 2022, an increase of \$69 million from \$17 million in the prior year quarter. The increase was driven by improved performance in Carelon's affiliated and unaffiliated earnings.

Basis of Presentation

1. Operating revenue and operating gain/loss are the key measures used by management to evaluate performance in each of its reporting segments, allocate resources, set incentive compensation targets and to forecast future operating performance. Operating gain/loss is calculated as total operating revenue less benefit expense, cost of products sold and selling, general and administrative expense. It does not include net investment income, net gains/losses on financial instruments, interest expense, amortization of other intangible assets, gains/losses on extinguishment of debt or income taxes, as these items are managed in a corporate shared service environment and are not the responsibility of operating segment management. Refer to page 14 for the GAAP reconciliation tables.
2. Operating margin is defined as operating gain divided by operating revenue.

Conference Call and Webcast

Management will host a conference call and webcast today at 8:30 a.m. Eastern Daylight Time (“EDT”) to discuss the company’s second quarter results and outlook. The conference call should be accessed at least 15 minutes prior to the start of the call with the following numbers:

| | |
|------------------------------|-------------------------------------|
| 888-947-9963 (Domestic) | 866-430-8797 (Domestic Replay) |
| 312-470-0178 (International) | 203-369-0943 (International Replay) |

The access code for today's conference call is 3972058. The replay will be available from 11:30 a.m. EDT today, until the end of the day on August 20, 2022. The call will also be available through a live webcast at www.elevancehealth.com under the “Investors” link. A webcast replay will be available following the call.

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About Elevance Health, Inc.

Elevance Health is a lifetime, trusted health partner fueled by its purpose to improve the health of humanity. The company supports consumers, families, and communities across the entire care journey – connecting them to the care, support, and resources they need to lead healthier lives. Elevance Health’s companies serve more than 118 million people through a diverse portfolio of industry-leading medical, digital, pharmacy, behavioral, clinical, and complex care solutions. For more information, please visit www.elevancehealth.com or follow us @ElevanceHealth on Twitter and Elevance Health on LinkedIn.

Elevance Health, Inc.
Membership Summary
(Unaudited and in Thousands)

| | June 30, 2022 | June 30, 2021 | March 31, 2022 | Change from | |
|--|---------------|---------------|----------------|---------------|----------------|
| | | | | June 30, 2021 | March 31, 2022 |
| Medical Membership | | | | | |
| Commercial & Specialty Business | | | | | |
| Individual | 803 | 738 | 818 | 8.8 % | (1.8)% |
| Group Risk-Based | 4,020 | 3,851 | 4,028 | 4.4 % | (0.2)% |
| Commercial Risk-Based | 4,823 | 4,589 | 4,846 | 5.1 % | (0.5)% |
| BlueCard® | 6,445 | 6,235 | 6,370 | 3.4 % | 1.2 % |
| Group Fee-Based | 20,086 | 19,372 | 20,148 | 3.7 % | (0.3)% |
| Commercial Fee-Based | 26,531 | 25,607 | 26,518 | 3.6 % | — % |
| Total Commercial & Specialty Business | 31,354 | 30,196 | 31,364 | 3.8 % | — % |
| Government Business | | | | | |
| Medicare Advantage | 1,946 | 1,824 | 1,921 | 6.7 % | 1.3 % |
| Medicare Supplement | 942 | 936 | 939 | 0.6 % | 0.3 % |
| Total Medicare | 2,888 | 2,760 | 2,860 | 4.6 % | 1.0 % |
| Medicaid | 11,181 | 9,754 | 10,919 | 14.6 % | 2.4 % |
| Federal Employees Health Benefits | 1,628 | 1,631 | 1,632 | (0.2)% | (0.2)% |
| Total Government Business | 15,697 | 14,145 | 15,411 | 11.0 % | 1.9 % |
| Total Medical Membership | 47,051 | 44,341 | 46,775 | 6.1 % | 0.6 % |
| Other Membership | | | | | |
| Life and Disability Members | 4,779 | 4,732 | 4,679 | 1.0 % | 2.1 % |
| Dental Members | 6,620 | 6,606 | 6,649 | 0.2 % | (0.4)% |
| Dental Administration Members | 1,589 | 1,497 | 1,588 | 6.1 % | 0.1 % |
| Vision Members | 9,385 | 7,819 | 9,211 | 20.0 % | 1.9 % |
| Medicare Part D Standalone Members | 276 | 433 | 279 | (36.3)% | (1.1)% |

Elevance Health, Inc.
Consolidated Statements of Income
(Unaudited)

(In millions, except per share data)

| | Three Months Ended June 30 | | Change |
|--|-------------------------------|-----------------|-----------|
| | 2022 | 2021 | |
| Revenues | | | |
| Premiums | \$ 33,076 | \$ 28,533 | 15.9 % |
| Product revenue | 3,568 | 3,042 | 17.3 % |
| Administrative fees and other revenue | 1,838 | 1,704 | 7.9 % |
| Total operating revenue | 38,482 | 33,279 | 15.6 % |
| Net investment income | 381 | 400 | (4.8) % |
| Net (losses) gains on financial instruments | (231) | 172 | (234.3) % |
| Total revenues | 38,632 | 33,851 | 14.1 % |
| Expenses | | | |
| Benefit expense | 28,777 | 24,763 | 16.2 % |
| Cost of products sold | 3,069 | 2,614 | 17.4 % |
| Selling, general and administrative expense | 4,269 | 3,821 | 11.7 % |
| Interest expense | 208 | 205 | 1.5 % |
| Amortization of other intangible assets | 166 | 90 | 84.4 % |
| Loss on extinguishment of debt | — | 5 | (100.0) % |
| Total expenses | 36,489 | 31,498 | 15.8 % |
| Income before income tax expense | 2,143 | 2,353 | (8.9) % |
| Income tax expense | 493 | 552 | (10.7) % |
| Net income | 1,650 | 1,801 | (8.4) % |
| Net loss/(income) attributable to noncontrolling interests | 3 | (8) | NM |
| Shareholders' net income | <u>\$ 1,653</u> | <u>\$ 1,793</u> | (7.8) % |
| Shareholders' net income per diluted share | <u>\$ 6.79</u> | <u>\$ 7.25</u> | (6.3) % |
| Diluted shares | 243.4 | 247.4 | (1.6) % |
| Benefit expense as a percentage of premiums | 87.0 % | 86.8 % | 20 bp |
| Selling, general and administrative expense as a percentage of total operating revenue | 11.1 % | 11.5 % | (40)bp |
| Income before income tax expense as a percentage of total revenue | 5.5 % | 7.0 % | (150)bp |

"NM" = calculation not meaningful

Elevance Health, Inc.
Consolidated Statements of Income
(Unaudited)

(In millions, except per share data)

| | Six Months Ended June 30 | | Change |
|--|-----------------------------|-----------------|-----------|
| | 2022 | 2021 | |
| Revenues | | | |
| Premiums | \$ 65,861 | \$ 56,209 | 17.2 % |
| Product revenue | 6,869 | 5,779 | 18.9 % |
| Administrative fees and other revenue | 3,638 | 3,389 | 7.3 % |
| Total operating revenue | 76,368 | 65,377 | 16.8 % |
| Net investment income | 741 | 691 | 7.2 % |
| Net (losses) gains on financial instruments | (382) | 168 | (327.4) % |
| Total revenues | 76,727 | 66,236 | 15.8 % |
| Expenses | | | |
| Benefit expense | 56,992 | 48,462 | 17.6 % |
| Cost of products sold | 5,952 | 4,927 | 20.8 % |
| Selling, general and administrative expense | 8,610 | 7,746 | 11.2 % |
| Interest expense | 409 | 397 | 3.0 % |
| Amortization of other intangible assets | 295 | 170 | 73.5 % |
| Loss on extinguishment of debt | — | 5 | (100.0) % |
| Total expenses | 72,258 | 61,707 | 17.1 % |
| Income before income tax expense | 4,469 | 4,529 | (1.3) % |
| Income tax expense | 1,024 | 1,061 | (3.5) % |
| Net income | 3,445 | 3,468 | (0.7) % |
| Net loss/(income) attributable to noncontrolling interests | 13 | (10) | NM |
| Shareholders' net income | <u>\$ 3,458</u> | <u>\$ 3,458</u> | — % |
| Shareholders' net income per diluted share | <u>\$ 14.18</u> | <u>\$ 13.95</u> | 1.6 % |
| Diluted shares | 243.9 | 247.8 | (1.6) % |
| Benefit expense as a percentage of premiums | 86.5 % | 86.2 % | 30 bp |
| Selling, general and administrative expense as a percentage of total operating revenue | 11.3 % | 11.8 % | (50)bp |
| Income before income tax expense as a percentage of total revenue | 5.8 % | 6.8 % | (100)bp |

"NM" = calculation not meaningful

Elevance Health, Inc.
Consolidated Balance Sheets

| <i>(In millions)</i> | June 30, 2022 | December 31, 2021 |
|---------------------------------------|--------------------------|------------------------------|
| Assets | <u>(Unaudited)</u> | |
| Current assets: | | |
| Cash and cash equivalents | \$ 6,456 | \$ 4,880 |
| Fixed maturity securities | 25,765 | 26,267 |
| Equity securities, current | 1,572 | 1,881 |
| Premium receivables | 6,757 | 5,681 |
| Self-funded receivables | 3,844 | 4,010 |
| Other receivables | 3,600 | 3,749 |
| Other current assets | 5,661 | 4,654 |
| Total current assets | <u>53,655</u> | <u>51,122</u> |
| Long-term investments: | | |
| Fixed maturity securities | 603 | 632 |
| Other invested assets | 5,398 | 5,225 |
| Property and equipment, net | 4,090 | 3,919 |
| Goodwill | 24,367 | 24,228 |
| Other intangible assets | 10,762 | 10,615 |
| Other noncurrent assets | 2,002 | 1,719 |
| Total assets | <u><u>\$ 100,877</u></u> | <u><u>\$ 97,460</u></u> |
| Liabilities and equity | | |
| Liabilities | | |
| Current liabilities: | | |
| Medical claims payable | \$ 15,127 | \$ 13,518 |
| Other policyholder liabilities | 5,577 | 5,521 |
| Unearned income | 971 | 1,153 |
| Accounts payable and accrued expenses | 5,850 | 4,970 |
| Short-term borrowings | 175 | 275 |
| Current portion of long-term debt | 2,248 | 1,599 |
| Other current liabilities | 9,360 | 7,849 |
| Total current liabilities | <u>39,308</u> | <u>34,885</u> |
| Long-term debt, less current portion | 21,165 | 21,157 |
| Reserves for future policy benefits | 822 | 802 |
| Deferred tax liabilities, net | 2,021 | 2,805 |
| Other noncurrent liabilities | 1,694 | 1,683 |
| Total liabilities | <u><u>65,010</u></u> | <u><u>61,332</u></u> |
| Shareholders' equity | | |
| Common stock | 2 | 2 |
| Additional paid-in capital | 9,134 | 9,148 |
| Retained earnings | 28,825 | 27,088 |
| Accumulated other comprehensive loss | (2,149) | (178) |
| Total shareholders' equity | <u>35,812</u> | <u>36,060</u> |
| Noncontrolling interests | 55 | 68 |
| Total equity | <u>35,867</u> | <u>36,128</u> |
| Total liabilities and equity | <u><u>\$ 100,877</u></u> | <u><u>\$ 97,460</u></u> |

Elevance Health, Inc.
Consolidated Statements of Cash Flows
(Unaudited)

(In millions)

| | Six Months Ended June 30 | |
|---|--------------------------|-----------------------|
| | 2022 | 2021 |
| Operating activities | | |
| Net income | \$3,445 | \$3,468 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Net losses (gains) on financial instruments | 382 | (168) |
| Equity in net earnings of other invested assets | (258) | (309) |
| Depreciation and amortization | 751 | 591 |
| Deferred income taxes | (172) | (8) |
| Share-based compensation | 122 | 133 |
| Changes in operating assets and liabilities: | | |
| Receivables, net | (662) | (1,632) |
| Other invested assets | 32 | (44) |
| Other assets | (419) | (247) |
| Policy liabilities | 1,514 | 1,912 |
| Unearned income | (182) | (180) |
| Accounts payable and other liabilities | 632 | 560 |
| Income taxes | (159) | 106 |
| Other, net | (33) | 6 |
| Net cash provided by operating activities | <u>4,993</u> | <u>4,188</u> |
| Investing activities | | |
| Purchases of investments | (13,253) | (11,221) |
| Proceeds from sale of investments | 7,140 | 6,345 |
| Maturities, calls and redemptions from investments | 4,347 | 2,246 |
| Changes in securities lending collateral | (620) | (642) |
| Purchases of subsidiaries, net of cash acquired | (609) | (3,442) |
| Purchases of property and equipment | (549) | (489) |
| Other, net | (58) | (29) |
| Net cash used in investing activities | <u>(3,602)</u> | <u>(7,232)</u> |
| Financing activities | | |
| Net proceeds from commercial paper borrowings | 250 | 300 |
| Net proceeds from (repayments of) short-term borrowings | (100) | 175 |
| Net proceeds from long-term borrowings | 357 | 2,510 |
| Changes in securities lending payable | 620 | 642 |
| Changes in bank overdrafts | 817 | 364 |
| Repurchase and retirement of common stock | (1,169) | (927) |
| Cash dividends | (618) | (555) |
| Proceeds from issuance of common stock under employee stock plans | 116 | 141 |
| Taxes paid through withholding of common stock under employee stock plans | (88) | (93) |
| Other, net | 10 | 11 |
| Net cash provided by financing activities | <u>195</u> | <u>2,568</u> |
| Effect of foreign exchange rates on cash and cash equivalents | <u>(10)</u> | <u>(7)</u> |
| Change in cash and cash equivalents | 1,576 | (483) |
| Cash and cash equivalents at beginning of period | <u>4,880</u> | <u>5,741</u> |
| Cash and cash equivalents at end of period | <u><u>\$6,456</u></u> | <u><u>\$5,258</u></u> |

Elevance Health, Inc.
Reconciliation of Medical Claims Payable

| | Six Months Ended June 30 | | Years Ended December 31 | | |
|---|-----------------------------|---------------------|-------------------------|------------------|-----------------|
| | 2022 (Unaudited) | 2021 (Unaudited) | 2021 | 2020 | 2019 |
| <i>(In millions)</i> | | | | | |
| Gross medical claims payable, beginning of period | \$ 13,282 | \$ 11,135 | \$ 11,135 | \$ 8,647 | \$ 7,266 |
| Ceded medical claims payable, beginning of period | (21) | (46) | (46) | (33) | (34) |
| Net medical claims payable, beginning of period | <u>13,261</u> | <u>11,089</u> | <u>11,089</u> | <u>8,614</u> | <u>7,232</u> |
| Business combinations and purchase adjustments | 133 | 420 | 420 | 339 | — |
| Net incurred medical claims: | | | | | |
| Current year | 55,737 | 48,343 | 100,440 | 85,094 | 78,695 |
| Prior years redundancies ⁽¹⁾ | (972) | (1,772) | (1,703) | (637) | (500) |
| Total net incurred medical claims | <u>54,765</u> | <u>46,571</u> | <u>98,737</u> | <u>84,457</u> | <u>78,195</u> |
| Net payments attributable to: | | | | | |
| Current year medical claims | 42,882 | 37,533 | 88,156 | 74,629 | 70,294 |
| Prior years medical claims | 10,401 | 7,767 | 8,829 | 7,692 | 6,519 |
| Total net payments | <u>53,283</u> | <u>45,300</u> | <u>96,985</u> | <u>82,321</u> | <u>76,813</u> |
| Net medical claims payable, end of period | 14,876 | 12,780 | 13,261 | 11,089 | 8,614 |
| Ceded medical claims payable, end of period | 13 | 41 | 21 | 46 | 33 |
| Gross medical claims payable, end of period | <u>\$ 14,889</u> | <u>\$ 12,821</u> | <u>\$ 13,282</u> | <u>\$ 11,135</u> | <u>\$ 8,647</u> |
| Current year medical claims paid as a percentage of current year net incurred medical claims | 76.9 % | 77.6 % | 87.8 % | 87.7 % | 89.3 % |
| Prior year redundancies in the current year as a percentage of prior year net medical claims payable less prior year redundancies in the current year | 7.9 % | 19.0 % | 18.1 % | 8.0 % | 7.4 % |
| Prior year redundancies in the current year as a percentage of prior year net incurred medical claims | 1.0 % | 2.1 % | 2.0 % | 0.8 % | 0.7 % |

⁽¹⁾ Negative amounts reported for net incurred medical claims related to prior years result from claims being settled for amounts less than originally estimated.

Forward-Looking Statements

This document contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements reflect our views about future events and financial performance and are generally not historical facts. Words such as “expect,” “feel,” “believe,” “will,” “may,” “should,” “anticipate,” “intend,” “estimate,” “project,” “forecast,” “plan” and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to: financial projections and estimates and their underlying assumptions; statements regarding plans, objectives and expectations with respect to future operations, products and services; and statements regarding future performance. Such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. You are also urged to carefully review and consider the various risks and other disclosures discussed in our reports filed with the U.S. Securities and Exchange Commission from time to time, which attempt to advise interested parties of the factors that affect our business. Except to the extent otherwise required by federal securities laws, we do not undertake any obligation to republish revised forward-looking statements to reflect events or circumstances after the date hereof. These risks and uncertainties include, but are not limited to: the impact of large scale medical emergencies, such as public health epidemics and pandemics, including COVID-19, and catastrophes; trends in healthcare costs and utilization rates; our ability to secure sufficient premium rates, including regulatory approval for and implementation of such rates; the impact of federal, state and international law and regulation, including changes in the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, as amended; changes in economic and market conditions, as well as regulations that may negatively affect our liquidity and investment portfolios; our ability to contract with providers on cost-effective and competitive terms; competitive pressures and our ability to adapt to changes in the industry and develop and implement strategic growth opportunities; reduced enrollment; the impact of a cyber-attack or other cyber security breach resulting in unauthorized disclosure of member or employee sensitive or confidential information, including the impact and outcome of any investigations, inquiries, claims and litigation related thereto; risks and uncertainties regarding Medicare and Medicaid programs, including those related to non-compliance with the complex regulations imposed thereon; our ability to maintain and achieve improvement in Centers for Medicare and Medicaid Services Star ratings and other quality scores and funding risks with respect to revenue received from participation therein; a negative change in our healthcare product mix; costs and other liabilities associated with litigation, government investigations, audits or reviews; risks and uncertainties related to our pharmacy benefit management (“PBM”) business, including non-compliance by any party with the PBM services agreement between us and CaremarkPCS Health, L.L.C.; medical malpractice or professional liability claims or other risks related to healthcare and PBM services provided by our subsidiaries; general risks associated with mergers, acquisitions, joint ventures and strategic alliances; changes in tax laws; possible impairment of the value of our intangible assets if future results do not adequately support goodwill and other intangible assets; possible restrictions in the payment of dividends from our subsidiaries and increases in required minimum levels of capital; our ability to repurchase shares of our common stock and pay dividends on our common stock due to the adequacy of our cash flow and earnings and other considerations; the potential negative effect from our substantial amount of outstanding indebtedness; a downgrade in our financial strength ratings; the effects of any negative publicity related to the health benefits industry in general or us in particular; failure to effectively maintain and modernize our information systems; events that may negatively affect our licenses with the Blue Cross and Blue Shield Association; intense competition to attract and retain employees; risks associated with our international operations; and various laws and provisions in our governing documents that may prevent or discourage takeovers and business combinations.