CARE 1st HEALTH PLAN ARIZONA, INC.

Uniform Guidance Reports

Year Ended September 30, 2023

(With Independent Auditors' Reports Thereon)

CARE 1st HEALTH PLAN ARIZONA, INC.

Uniform Guidance Reports

Year ended September 30, 2023

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KPMG LLP
Suite 900
10 South Broadway
St. Louis, MO 63102-1761

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

The Audit Committee of the Board of Directors
Care1st Health Plan Arizona, Inc. and One Care by Care1st Health Plan Arizona, Inc.:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the combined financial statements of Care1st Health Plan Arizona, Inc. and One Care by Care1st Health Plan Arizona, Inc., which comprise the combined balance sheet as of September 30, 2023, and the related combined statements of income, comprehensive income, changes in stockholder's equity and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated June 6, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the combined financial statements, we consider Care1st Health Plan Arizona, Inc. and One Care by Care1st Health Plan Arizona, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of Care1st Health Plan Arizona, Inc. and One Care by Care1st Health Plan Arizona, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Care1st Health Plan Arizona, Inc. and One Care by Care1st Health Plan Arizona, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Care1st Health Plan Arizona, Inc. and One Care by Care1st Health Plan Arizona, Inc.'s combined financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Care1st Health Plan Arizona, Inc. and One Care by Care1st Health Plan Arizona, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Care1st Health Plan Arizona, Inc. and One Care by Care1st Health Plan Arizona, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

St. Louis, Missouri
June 6, 2024

KPMG LLP
Suite 900
10 South Broadway
St. Louis, MO 63102-1761

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Board of Directors and Stockholder
Care 1st Health Plan Arizona, Inc:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Care1st Health Plan Arizona, Inc.'s (the Company) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Company's major federal programs for the year ended September 30, 2023. The Company's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Company complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Company's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Company's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Company's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS,

Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Company's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Company's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Company's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the combined financial statements of the Company as of and for the year ended September 30, 2023, and have issued our report thereon dated June 6, 2024, which contained an unmodified opinion on those combined financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the combined financial statements as a whole.

KPMG LLP

St. Louis, Missouri
June 6, 2024

CARE 1st HEALTH PLAN ARIZONA, INC.

Schedule of Expenditures of Federal Awards

Year ended September 30, 2023

Federal grantor/Program title/Cluster title	Assistance listing number	Contract number	Grant number	Passed-through to subrecipients	Federal expenditures
U.S. Department of Health and Human Services:					
Substance Abuse and Mental Health Services:					
State Opioid Response Grants (SOR)	93.788	YH22-0061R-03	11356415170214	$ 2,372,486	2,578,790
Total Substance Abuse and Mental Health Services				2,372,486	2,578,790
Block Grants for Community Mental Health Services (MHBG):					
SMI – Non Title XIX (MHBG SMI)	93.958	YH22-0061R-03	11356415170214	889,610	1,008,466
Children – Non Title XIX (MHBG SED)	93.958	YH22-0061R-03	11356415170214	1,626,681	1,657,224
FEP	93.958	YH22-0061R-03	11356415170214	156,824	177,563
MHBG Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) Funding SMI	93.958	YH22-0061R-03	11356415170214	134,931	146,665
MHBG Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) Funding SED	93.958	YH22-0061R-03	11356415170214	118,947	129,290
MHBG American Rescue Plan Act (ARPA) Funding SED	93.958	YH22-0061R-03	11356415170214	225,801	245,436
Total Mental Health Block Grant				3,152,794	3,364,644
Block Grants for Prevention and Treatment of Substance Abuse (SABG):					
Substance Abuse/General Mental Health	93.959	YH22-0061R-03	11356415170214	4,160,230	4,655,763
HIV	93.959	YH22-0061R-03	11356415170214	142,419	161,253
Total Block Grants for Prevention and Treatment of Substance Abuse				4,302,649	4,817,016
Total U.S. Department of Health and Human Services				9,827,929	10,760,450
Total Expenditures of Federal Awards				$ 9,827,929	10,760,450

See accompanying independent auditors' report and notes to schedule of expenditures of federal awards.

CARE 1st HEALTH PLAN ARIZONA, INC.

Notes to Schedule of Expenditures of Federal Awards

Year ended September 30, 2023

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Care1st Health Plan, Inc. (the Company) under programs of the federal government for the year ended September 30, 2023. The Company is a for-profit company, however, due to requirements under contracts with the state of Arizona, is required to comply with the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Because the Schedule presents only a selected portion of the operations of the Company, it is not intended and does not present the financial position, changes in stockholder's equity or cash flows of the Company.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Company has not elected to use the ten percent de minimus indirect cost rate allowable under the Uniform Guidance. The Company had no loan or loan guarantee programs in effect.

CARE 1st HEALTH PLAN ARIZONA, INC.

Schedule of Findings and Questioned Costs

Year ended September 30, 2023

(1) Summary of Auditors' Results

a. Type of report issued on whether the financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**

b. Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:

- Material weaknesses: **No**
- Significant deficiencies: **None Reported**

c. Noncompliance material to the financial statements: **No**

d. Internal control deficiencies over major programs disclosed by the audit:

- Material weaknesses: **No**
- Significant deficiencies: **None reported**

e. Type of report issued on compliance for major programs: **Unmodified**

f. Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **No**

g. Major programs:

- State Opioid Response Grants – ALN 93.788
- Block Grants for Community Mental Health Services – ALN 93.958
- Block Grants for Prevention and Treatment of Substance Abuse – ALN 93.959

h. Dollar threshold used to distinguish between Type A and Type B programs: **$750,000**

i. Auditee qualified as a low-risk auditee: **No**

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None

(3) Findings and Questioned Costs Relating to Federal Awards

None

CARE1ST HEALTH PLAN ARIZONA, INC. AND ONE CARE BY CARE1ST HEALTH PLAN ARIZONA, INC.

Combined Financial Statements
as of and for the fiscal year ended September 30, 2023, Supplemental Schedules as of and for the fiscal year ended September 30, 2023, and Independent Auditors' Report

CARE1ST HEALTH PLAN ARIZONA, INC.

AND ONE CARE BY CARE1ST HEALTH PLAN ARIZONA, INC.

General Accepted Accounting Principle-Basis Financial Statements
and Supplemental Schedules
As of and for fiscal year ended September 30, 2023

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KPMG LLP
Suite 900
10 South Broadway
St. Louis, MO 63102-1761

Independent Auditors' Report

The Audit Committee of the Board of Directors
Care1st Health Plan Arizona, Inc. and One Care by Care 1st Health Plan Arizona, Inc.:

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the combined financial statements of Care1st Health Plan Arizona, Inc. and One Care by Care 1st Health Plan Arizona, Inc. (the Company), which comprise the combined balance sheet as of September 30, 2023, and the related combined statements of income, comprehensive income, and changes in stockholder's equity, and cash flows for the year then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of the Company as of September 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the combined financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are

considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the combined financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplemental information included in the Supplemental Detailed Balance Sheet as of September 30, 2023 and Supplemental Income Statement for the Year Ended September 30, 2023 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Required Supplementary Information

U.S. generally accepted accounting principles require that the incurred and paid claims development information, and the historical claims duration information for the years ended September 30, 2022 and 2021 on page 24 be presented to supplement the basic combined financial statements. Such information is the responsibility of management and, although not a part of the basic combined financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic combined financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic combined financial statements, and other knowledge we obtained during our audit of the basic combined financial

statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Non Title XIX/XXI: Contract Year Income Statement and Schedule A on pages 33 and 34 is presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Arizona Health Care Cost Containment System who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2024 on our consideration of the Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Company's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control over financial reporting and compliance.

KPMG LLP

St. Louis, Missouri
June 6, 2024

CARE1ST HEALTH PLAN ARIZONA, INC.
AND ONE CARE BY CARE1ST HEALTH PLAN ARIZONA, INC.
COMBINED BALANCE SHEET
AS OF SEPTEMBER 30, 2023
($ IN THOUSANDS)

ASSETS	2023
Current assets	
Cash and cash equivalents	88,774
Investments - short-term	7,973
Other receivables from government partners	5,554
Premiums receivable	235
Prepaid expenses and other receivables	3,430
Total current assets	105,966
Other assets	
Other receivables from government partners	1,687
Investments - long-term	148,253
Goodwill	3,610
Other assets	404
Total assets	$ 259,920
LIABILITIES AND STOCKHOLDER'S EQUITY	
Current liabilities	
Medical claims payable	$ 53,491
Accounts payable and accrued expenses	441
Other payables to government partners	79,315
Income tax payable	2,536
Other current liabilities	5,285
Due to affiliates	35,520
Total current liabilities	176,588
Long-term liabilities	
Deferred tax liability - net	11,911
Other long-term liabilities	353
Total long-term liabilities	12,264
Stockholder's equity:	
Common stock, $0 par value, 2,000 shares authorized, issued and outstanding	—
Additional paid-in capital	32,618
Retained earnings	38,450
Total stockholder's equity	71,068
Total liabilities and stockholder's equity	$ 259,920

See notes to combined financial statements

CARE1ST HEALTH PLAN ARIZONA, INC.
AND ONE CARE BY CARE1ST HEALTH PLAN ARIZONA, INC.
COMBINED STATEMENT OF INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2023
($ IN THOUSANDS)

	2023
Revenue	
Net premium revenue	$ 546,854
Operating expenses	
Healthcare services, net	463,980
Selling, general and administrative expenses	51,112
Premium tax expense	10,853
Total operating expenses	525,945
Income from operations	20,909
Net investment income	7,711
Income before income taxes	28,620
Income tax expense	6,815
Net income	$ 21,805

See notes to combined financial statements

CARE1ST HEALTH PLAN ARIZONA, INC.
AND ONE CARE BY CARE1ST HEALTH PLAN ARIZONA, INC.
COMBINED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED SEPTEMBER 30, 2023
($ IN THOUSANDS)

	2023
Net income	$ 21,805
Change in unrealized loss on investments, net of taxes	434
Comprehensive income	$ 22,239

See notes to combined financial statements

CARE1ST HEALTH PLAN ARIZONA, INC.
AND ONE CARE BY CARE1ST HEALTH PLAN ARIZONA, INC.
COMBINED STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY
FOR THE YEAR ENDED SEPTEMBER 30, 2023
($ IN THOUSANDS)

	Common Stock Class A - Number of Shares *	Additional Paid-In Capital	Retained Earnings	Total Stockholder's Equity
Balance, September 30, 2022	2,000	$ 12,618	$ 16,211	$ 28,829
Contribution from Parent	—	20,000	—	20,000
Change in net unrealized capital gains/losses	—	—	434	434
Net income	—	—	21,805	21,805
Balance, September 30, 2023	2,000	$ 32,618	$ 38,450	$ 71,068

** Includes 1,000 shares issued and authorized for Care1st Health Plan Arizona, Inc. and 1,000 shares issued and authorized for One Care by Care1st Health Plan Arizona, Inc.*

See notes to combined financial statements

CARE1ST HEALTH PLAN ARIZONA, INC.
AND ONE CARE BY CARE1ST HEALTH PLAN ARIZONA, INC.
COMBINED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023
($ IN THOUSANDS)

	2023
Cash flows from operating activities:	
Net income	$ 21,805
Adjustments to reconcile net income to cash provided by operating activities:	
Net investment income	1,888
Prepaid expenses, other assets and deposits	3,508
Receivables from / payables to government partners	9,597
Accounts payable and accrued expenses	(7,071)
Medical claims payable	16,481
Income taxes receivable/payable	(766)
Deferred taxes, net	(1,167)
Premiums receivable	287
Other, net	20,101
Net cash provided by operating activities	64,663
Cash flows from investing activities:	
Proceeds from investments sold, matured or repaid	17,301
Cost of investments acquired	(30,337)
Net cash used in investing activities	(13,036)
Cash flows from financing activities:	
Capital contribution	20,000
Net cash provided by financing activities	20,000
Net change in cash and cash equivalents	71,627
Cash and cash equivalents, beginning of year	17,147
Cash and cash equivalents, end of year	$ 88,774
Supplemental disclosures of cash flow information:	
Cash paid for taxes	$ 7,660

See notes to combined financial statements

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

Care1st Health Plan Arizona, Inc. ("Care1st") and One Care by Care1st Health Plan Arizona, Inc. ("One Care"), together Care1st Arizona (the "Company"), are wholly-owned subsidiaries of Centene Corporation ("Centene"), a publicly traded managed care services company. This audited statement has a fiscal year of September 30, 2023, which is a change from prior year's December 31, 2022 fiscal year.

Care1st provides specified health services to Medicaid members pursuant to a contract with the Arizona Health Care Cost Containment System ("AHCCCS"). Care1st subcontracts with hospitals, physicians and other medical providers within Arizona to care for eligible members in its designated service areas.

One Care provides Medicare Advantage ("MA") health plans and prescription drug benefits to Medicare beneficiaries through the Medicare Part D Program ("PDP") via a contract with the Centers for Medicare and Medicaid Services ("CMS"). One Care is contracted with CMS to provide managed care services as a Dual Eligible Subset Special Needs Plan ("D-SNP"). One Care is limited to only enroll members who are dually eligible for both Medicaid and Medicare and in the service areas covered under the AHCCCS agreement. One Care's CMS contract expired on December 31, 2021 and was not renewed. One Care elected not to submit a bid with CMS for the 2022 plan year. The AHCCCS required D-SNP companion plan for Care1st will be operated by its related party, Bridgeway Health Solutions of Arizona, Inc., under contract H5590-009.

AHCCCS Agreement
On March 13, 2018, the Company announced that it received a contract award from the AHCCCS Complete Care ("ACC") program effective October 1, 2018. The original contract term was for five years, with two one year options for renewal. During 2020, AHCCCS revised the ACC term of contract to include an additional two-year extension through September 30, 2027. Under the contract, the Arizona Plan will provide physical and limited behavioral health services to eligible enrollees in the Central and North geographic service areas. As part of AHCCCS' approval of the merger agreement between Centene Corporation and WellCare, AHCCCS required transition of the Central membership. Members who did not select a plan during open enrollment were auto assigned to the Centene ACC health plan, Arizona Complete Health-Complete Care Plan. The effective date of the membership transition is October 1, 2021.

On November 15, 2021, the Company received a contract award from AHCCCS for an ACC-RBHA ("Regional Behavioral Health Agreement") Contract under the Competitive Contract Expansion ("CCE") effective October 1, 2022. The CCE is an amendment to the existing ACC contract and includes coverage for physical and behavioral health services to Title XIX and Non-Title XIX AHCCCS members with a serious mental illness (SMI) designation. On the effective date of the contract, Care1st assumed responsibility for approximately 5,800 SMI members and 285,000 members for 24-hour crisis services in the North geographic service area.

As submitted and approved by AHCCCS, Care1st Health Plan Arizona, Inc. will be merged with Health Net Access, Inc. dba Arizona Complete Health-Complete Care Plan on October 1, 2024. At that time, all

membership and operations will be transitioned to Health Net Access, Inc. dba Arizona Complete Health-Complete Care Plan, as well as the associated revenue and expenses.

NOTE 2 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying combined financial statements are prepared on the basis of accounting principles generally accepted in the United States of America ("GAAP").

B. Principles of Combination

The accompanying combined financial statements of the Company have been prepared on a combined basis for entities under common control with all significant intercompany transactions and accounts being eliminated.

C. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Material estimates particularly susceptible to change in the near term include revenue recognition (including the reconciliation settlements described below), health care service costs, including the medical claims payable, and income taxes.

D. Cash and Cash Equivalents

Cash includes cash deposits in banks and cash equivalents. Cash equivalents include all highly liquid investments with maturities of three months or less when purchased. Accounts at each institution are insured in limited amounts by the Federal Deposit Insurance Corporation ("FDIC"). At September 30, 2023, cash and cash equivalents consisted of cash and money market accounts.

E. Investments

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

Short-term and long-term investments are classified as available-for-sale and are carried at fair value. To calculate realized gains and losses on the sale of investments, the Company uses the specific amortized cost of each investment sold. Realized gains and losses are recorded in net investment income.

Unrealized gains and losses on available-for-sale investments are recognized as direct increases or decreases in other comprehensive income. For the year ended September 30, 2023, the Company recognized unrealized losses of $434 net of tax effect, on available-for-sale investments which have been

recorded in the accompanying combined statement of comprehensive income. Cost of investments sold is recognized using the specific identification method.

Investment securities in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the near term could materially affect account balances and the amounts reported in the accompanying combined financial statements.

The Company evaluates available-for-sale debt securities on a regular basis and records an allowance for credit losses, if necessary. 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 Company recognizes an allowance when evidence demonstrates that the decline in fair value is credit related. Some portion or all of the allowance for credit losses may need to be reversed in future periods. A reversal of the allowance for credit losses should not exceed the allowance amount initially recognized.

F. Funds Receivable/Held for the Benefit of Members

The Company receives certain Part D prospective subsidy payments from CMS for MA and PDP members as a fixed monthly per member amount, based on the estimated costs of providing prescription drug benefits over the plan year, as reflected in the bids. Approximately nine to ten months subsequent to the end of the plan year, or later in the case of the coverage gap discount subsidy, a settlement payment is made between CMS and the Company based on the difference between the prospective payments and actual claims experience. The subsidy components under Part D, which are recorded as a component of prepaid expenses and other or accounts payable and accrued expenses on the Combined Balance Sheet, are described below:

Low-Income Cost Sharing Subsidy ("LICS") -
For qualifying low-income subsidy members, CMS reimburses the Company for all or a portion of the low income subsidy member's deductible, coinsurance and co-payment amounts above the out-of-pocket threshold.

Catastrophic Reinsurance Subsidy -
CMS reimburses the Company for 80% of the drug costs after a member reaches his or her out-of-pocket catastrophic threshold through a catastrophic reinsurance subsidy.

Coverage Gap Discount Subsidy ("CGDS") -
CMS provides monthly prospective payments for pharmaceutical manufacturer discounts made available to members.

Catastrophic reinsurance subsidies and LICS subsidies represent cost reimbursements under the Medicare PDP. The Company is fully reimbursed by CMS for costs incurred for these contract elements and, accordingly, there is no insurance risk to the Company. Therefore, amounts received for these subsidies are not considered premium revenue, and are reported, net of the subsidy benefits paid, as deposits. Costs

incurred over deposits received are recorded as assets and deposits received in excess of costs incurred are recorded as liabilities on the combined financial statements. Historically, the settlement payments between us and CMS have not been materially different from our estimates.

CGDS advance payments are recorded as assets on the combined financial statements. Receivables are set up for manufacturer invoiced amounts. Manufacturer payments reduce the receivable as payments are received. After the end of the contract year, during the Medicare Part D payment reconciliation process for the CGDS, CMS will perform a cost-based reconciliation to ensure the Medicare Part D sponsor is paid for gap discounts advanced at the point of sale, based on accepted Prescription Drug Event data.

G. Premium Revenue and Premiums Receivable

Premium revenues are primarily derived from the Company's contracts with the State of Arizona and CMS. The premiums received are typically a fixed rate based on a membership category. The Company assumes the economic risk of funding its customers' health care and related administrative costs. Membership and category eligibility are periodically reconciled with the various programs and such reconciliations could result in adjustments to revenue. Premium revenues are recognized in the period in which eligible individuals are entitled to receive health care benefits. Premium billings may be subsequently adjusted to reflect changes in membership as a result of retroactive terminations, additions or other changes. Health care premium payments received in advance for a service period are recorded as unearned premiums. The Company recognizes revenue on retroactive healthcare premium adjustments that result in a benefit, generally when the amounts are determinable and collectability is reasonably assured in premium revenue.

Arizona AHCCCS Specific Revenue Recognition
Delivery supplemental payments are intended by AHCCCS to cover the costs of maternity care for deliveries during a prospective enrollment period. Such premiums are recognized in the month the delivery occurs.

Reinsurance revenues are recorded net of uncollectible amounts pursuant to the AHCCCS contract. Acute reinsurance revenue is recognized as a percentage of expenses incurred by members whose medical costs exceed a stated deductible per member per contract year. Catastrophic reinsurance revenue is recognized as the actual costs paid by the Arizona Plan. These revenues are included as an offset of other medical expenses. The Company recorded $8,978 of reinsurance revenues in healthcare services, net for the year ended September 30, 2023. The Company recorded $1,687 of reinsurance receivable as of September 30, 2023, which is recorded as a component of other receivables from government partners, non -current on the Combined Balance Sheet.

Prior period coverage capitation premiums are payments received from AHCCCS for the period of time, prior to the member's enrollment, during which a member is eligible for covered services. Such premiums are recognized upon receipt.

Value Based Purchasing/Alternative Payment Model

Care1st is subject to a recoupment by AHCCCS of 1% of eligible capitation revenue to fund the AHCCCS value based purchasing/alternative payment model initiatives. The purpose of these initiatives are to encourage activity in the area of quality improvement, particularly those initiatives that are conducive to improved health outcomes and cost savings by aligning the incentives of the plan and its providers. Care1st can become eligible for a quality distribution by meeting the criteria established by AHCCCS for a measurement year. On October 23, 2020, AHCCCS notified the plans that it would suspend the withhold and quality measures performance incentive for CYE 2020. In conjunction with this decision, the 1% deduction of the APM withhold amount in the ACC Tiered Reconciliation was removed. Care1st had $2,002 as of September 30, 2023, available for recoupment related to CYE 2022 to CYE 2023. In addition, Care1st had $4,075 as of September 30, 2023 as a payable due to providers for CYE2022 and CYE 2023.

H. Premium Deficiency Reserve

Premium deficiency reserves are recognized when expected incurred costs, claim adjustment expenses, and administration costs exceed the premiums to be collected for the remainder of a contract period. No premium deficiency reserve was recorded at September 30, 2023, based on the Company's expectation regarding the profitability of contracts in force at September 30, 2023. The Company considered anticipated investment income when calculating its premium deficiency reserves. The adequacy of reserve requirements is continually reviewed by management, with any reductions in the reserve being recorded as a beneficial effect in the combined statement of income.

I. Other Receivables / Payables to Government Partners

AHCCCS limits financial risk and gain to its contractors. Profits and losses by defined risk code groupings are annually reconciled as defined for each contract year ending in the month of September. In accordance with the reconciliations, profits and losses are generally limited to a defined percentage of the net capitation received for the specified risk code groupings. Profits or losses in excess of the corridor are reimbursed to, or recovered from, AHCCCS by the contractor. Accordingly, as of September 30, 2023, the Company recorded a payable of $72,035, as a component of other payables to government partners. Generally, the final reconciliation and settlement is anticipated to take place approximately 15 months after the end of the contract year.

The Company's Medicaid contract with AHCCCS includes a provision whereby the Company is required to expend a minimum of 85% of the premiums received on allowable medical benefits expense as defined in the contract ("Financial Visibility Standards - Acute Care"). The Company is also required to spend at most 10% of premiums received related to administrative expenses as defined in the same section of the contract.

Beginning Contract Year Ending ("CYE") 2019 through CYE 2023, there is one profit corridor calculation called the ACC Tiered Reconciliation. AHCCCS reconciles the Contractor's total medical cost expense to the total capitation paid. For CYE 2023, the profit corridor calculation was renamed ACC-RBHA Tiered Reconciliation and modified to include revenue and expenses for the SMI and Crisis membership. Under both calculations, there is a no payback between 0% and 2% profit, 50% payback corridor between 2% and 6% profit, and all profit above 6% of net settlement revenue must be paid back, making a maximum possible gain of 4% of settlement revenue. Maximum losses are capped at 2%. For CYE 2022 and CYE

2023, the Company is accruing paybacks of $33,351, and $38,684; all place the plan in the full payback corridor.

There are two additional settlements with AHCCCS – a fixed administrative expense reconciliation which had balances due to AHCCCS for CYE 2023 of $574 and CYE 2023 COVID 19 vaccine settlement which had receivables from AHCCCS of $15. These amounts were recorded as a component of other payables to government partners and other receivables from government partners on the Combined Balance Sheet.

Medicare Risk Corridor
At September 30, 2023, there was a balance due from CMS of approximately $0, which is recorded as a component of prepaid expenses and other receivables.

Medicare Minimum Medical Loss Ratio
The Patient Protection and Affordable Care Act, amended by the Health Care and Education Reconciliation Act of 2010 (collectively, the "ACA"), established a minimum medical loss ratio ("MLR") for MA and Part D prescription drug program ("Part D plans"), requiring plans to spend not less than 85% of premiums on medical and pharmacy benefits. The rules implementing the minimum MLR impose financial and other penalties for failing to achieve the minimum MLR, including requirements to refund to CMS shortfalls in amounts spent on medical benefits and termination of a plan's MA contract for prolonged failure to achieve the minimum MLR. The MLR is determined by adding a plan's spending for clinical services, prescription drugs and other direct patient benefits, plus its total spending on quality improvement activities and dividing the total by earned premiums (after subtracting specific identified taxes and other fees). No payable balance was recorded at September 30, 2023.

J. Goodwill and Other Intangible Assets, net

Acquisitions typically result in goodwill, which represents the excess of the acquisition cost over the fair value of net assets acquired. Goodwill is assigned to reporting units, which we determined to be the same as our operating segments. Refer to Note 10, Goodwill and Other Intangible Assets, Net for additional discussion.

We test goodwill for impairment at the reporting unit level at least annually, or more frequently if events or changes in circumstances indicate that it would be more likely than not that the fair value of a reporting unit is below its carrying value. Such events or circumstances could include a significant adverse change in business climate, an adverse action or assessment by a regulator, unanticipated competition and the testing for recoverability of a significant asset group within a reporting unit, among others. To determine whether goodwill is impaired, we compare an estimate of the fair value of the applicable reporting unit to its carrying value, including goodwill. If the carrying value exceeds the estimated fair value, we compare the implied fair value of the applicable goodwill to its carrying value to measure the amount of goodwill impairment, if any. We perform our annual goodwill impairment test based on our financial position and results of operations each year. The annual impairment tests are based on an evaluation of estimated future discounted cash flows. The estimated discounted cash flows are based on the best information available to us at the time, including supportable assumptions and projections we believe are reasonable. Our discounted cash flow estimates use discount rates that correspond to a weighted-average cost of capital

consistent with a market-participant view. The discount rates are consistent with those used for investment decisions and take into account the operating plans and strategies of our operating segments. Certain other key assumptions utilized, including changes in membership, premium, health care costs, operating expenses, fees, assessments and taxes and effective tax rates, are based on estimates consistent with those utilized in our annual budgeting and planning process that we believe are reasonable. However, if we do not achieve the results reflected in the assumptions and estimates, our goodwill impairment evaluations could be adversely affected, and we may impair a portion of our goodwill, which would adversely affect our operating results in the period of impairment. Impairments, if any, would be classified as a direct charge against the income statement. Based on the results of our impairment testing in 2023, we determined that the fair value of each reporting unit substantially exceeded its carrying value and no further goodwill impairment assessment was necessary. As discussed in Note 1, the Company was required to transition central membership to an affiliate under common control of Centene Corporation. The central membership was a portion of the reporting unit with goodwill. The Company used relative fair value based on premium revenue to determine the portion of goodwill transferred. The difference between the carrying amount of net assets transferred and proceeds received, which was zero, was considered an equity transfer to Centene Corporation since the central membership was transferred to an affiliate under common control of Centene Corporation.

K. Health Care Services/Medical Claims Payable

The Company contracts with various providers, including medical groups, to provide professional care to certain of its enrollees on a capitated or fixed fee per member per month basis. Additionally, the Company also contracts with hospitals, physicians, and other providers of health care, pursuant to discounted fee-for-service arrangements, hospital per diem arrangements, and case rate arrangements, under which providers bill the Company for each individual service provided to enrollees.

Amounts incurred related to prior periods represents the change in medical claims payable attributable to the difference between the original estimate of incurred claims for prior periods and the revised estimate. In developing the revised estimate, there have been no changes in the approach used to determine the key actuarial assumptions, which are the completion factor and medical cost trend. Medical claims payable are estimated under actuarial standards of practice and GAAP. The majority of the medical claims payable balance held at each year-end is associated with the most recent months' incurred services because these are the services for which the fewest claims have been paid. The degree of uncertainty in the estimates of incurred claims is greater for the most recent months' incurred services. Revised estimates for prior periods are determined in each month based on the most recent updates of paid claims for prior periods.

L. Hospital Assessment Payable

Hospital assessment payable consists of amounts payable to hospitals, physicians, and ambulance providers to compensate them for serving Medicaid members. These amounts are a component of the premium revenue earned under the Company's at-risk contract with the Department and are made on a pass-through basis. The Company records hospital assessment revenue and expense within premium income and general administrative expenses, respectively.

M. Reserves for Contingent Liabilities

In the course of the Company's operations, the Company is involved on a routine basis in various disputes with members, health care providers, and other entities, as well as audits by government agencies and elected officials that relate to the Company's services and/or business practices that expose the Company to potential losses.

The Company recognizes an estimated loss, which may represent damages, assessment of regulatory fines or penalties, settlement costs, future legal expenses, or a combination of the foregoing, as appropriate, from such loss contingencies when it is both probable that a loss will be incurred and that the amount of the loss can be reasonably estimated. The Company's loss estimates are based in part on an analysis of potential results, the stage of the proceedings, consultation with outside counsel, and any other relevant information available.

N. Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of cash equivalents and receivables from AHCCCS, primarily including capitation and supplement receivables, reinsurance receivables and reconciliation receivables. All cash equivalents are managed within established guidelines, which provide diversity among issuers. Concentration of credit risk with respect to the receivables from AHCCCS is high due to the single payer comprising the Company's customer base. However, since the single payer is the state government, the risk is mitigated. The receivables from providers are due from many providers such that a risk of concentration is not considered to be material.

Substantially all of the Company's revenue is earned in Arizona from its contracts with AHCCCS. Failure to renew these contracts would have a significant impact on the Company's operations.

O. Net Investment Income Earned

Net investment income earned but not yet collected is recorded as investment income due and accrued in the Combined Balance Sheet. Investment income included in the accompanying Combined Statement of Income is comprised of interest and dividends earned on the Company's invested assets, on cash and cash equivalents and net realized gains and losses on the sale of investments.

P. Comprehensive Income

Comprehensive income includes all changes in stockholder's equity (except those arising from transactions with stockholders) and includes net income and net unrealized appreciation (depreciation), after tax, on investments available-for-sale.

Q. Reinsurance

The Company cedes certain premiums and medical benefits to a highly-rated insurance company under a stop loss reinsurance agreement in order to limit exposure to catastrophic claims and increase capacity to

write larger risks and maintain exposure to loss within our capital resources. Reinsurance contracts do not release the Company from its obligation to pay medical claims. The Company is contingently liable in the event the reinsurance company does not meet its contractual obligations. The Company evaluates the financial condition of the reinsurance company on a regular basis.

AHCCCS provides a stop-loss reinsurance program for the Company for partial reimbursement of reinsurable covered medical services incurred for members. The program includes a deductible, which varies based on the Company's enrollment and the eligibility category of the members. AHCCCS reimburses the Company based on a coinsurance amount for reinsurable covered services incurred above the deductible. Coinsurance percentages vary by nature of the claim for Medicaid claims.

R. Medical Expenses

The Company contracts with various healthcare providers for the provision of certain medical care to its members. Medical claims are submitted by providers and processed in accordance with the terms of the contract. Additionally, the Company compensates some providers on a capitation basis. The amount of the capitation payments and the frequency of the distributions to the provider are based on contractual arrangements.

The cost of other healthcare services provided or contracted for is accrued in the period in which it is provided to a member based in part on estimates, including an accrual for medical services provided but not reported.

S. Income Taxes

The Company accounts for income taxes using *FASB ASC 740, Income Taxes.* Under *FASB ASC 740*, deferred federal and state income taxes are provided on an asset and liability method whereby deferred income tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred income tax liabilities are recognized for taxable temporary differences. Temporary differences are the difference between the reported amounts of assets and liabilities and their tax bases. Valuation allowances are established when necessary to reduce deferred income tax assets to the extent they are not realizable based on the Company's deductible temporary difference reversals, taxable income in its carryback period, and the existence of taxable temporary differences. Deferred income tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Deferred tax assets and liabilities are recorded for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

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

($ IN THOUSANDS)

The Company evaluates its uncertain tax positions, if any, on a continual basis through review of its policies and procedures, review of its regular tax filings, and discussions with outside experts.

T. Medicaid Premium Taxes

The Company is subject to a 2% premium tax on all Title XIX/XXI payments received from AHCCCS for premiums, reinsurance and reconciliations. Total premium tax expense for the year ended September 30, 2023 was $10,853.

U. Recently Issued Accounting Pronouncements

In June 2016, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) which changes how entities measure credit losses for most financial assets and certain other investments that are not measured at fair value through net income. The ASU is intended to improve financial reporting by requiring timelier recording of credit losses on loans and other financial instruments held by financial institutions and other organizations. The amended guidance requires the measurement of all expected credit losses for financial assets (or groups of financial assets) and available-for-sale debt securities held at the reporting date over the remaining life based on historical experience, current conditions, and reasonable and supportable forecasts. The guidance is effective for annual and interim periods beginning after December 15, 2022. The Company adopted the new guidance in the first quarter of 2020. The majority of the Company's receivables and other financial instruments are with government entities and, therefore, the adoption did not have a material impact on its receivables and other financial instruments. Information has not been restated and continues to be reported under the accounting standards in effect for those periods. The new guidance did not have a material impact on the Company's combined financial position, results of operations or cash flows.

NOTE 3 - INVESTMENTS

Investments have been classified as available-for-sale according to management's intent. The amortized cost of investments and their approximate fair values at September 30, 2023 are as follows:

September 30, 2023	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Government	$ 4,540	$ —	$ (640)	$ 3,900
Asset-backed	13,684	45	(1,228)	12,501
Mortgage-backed	41,816	—	(4,492)	37,324
Municipal bonds	4,138	—	(651)	3,487
Corporate bonds	111,669	—	(12,655)	99,014
Total	$ 175,847	$ 45	$ (19,666)	$ 156,226

($ IN THOUSANDS)

The Company's 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 following is a summary of maturities of available-for-sale investments as of September 30, 2023:

	At September 30, 2023	
	Amortized cost	Fair value
Due in one year or less	$ —	$ —
Due after one year through five years	83,118	74,940
Due after five years through ten years	49,452	42,998
Due after ten years	43,277	38,288
Total	$ 175,847	$ 156,226

For each security in an unrealized 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 fair value of available-for-sale investments 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 as of September 30, 2023:

($ IN THOUSANDS)

	September 30, 2023					
	Decline for Less Than 12 Months			Decline for Greater than 12 Months		
	Amortized Cost	Fair Value	Difference	Amortized Cost	Fair Value	Difference
Government	$ —	$ —	$ —	$ 4,540	$ 3,900	$ 640
Asset-backed	646	579	67	11,110	9,949	1,161
Mortgage-backed	2,674	2,596	78	39,142	34,728	4,414
Municipal bonds	—	—	—	4,138	3,487	651
Corporate bonds	28,959	28,015	944	82,460	70,749	11,711
Total	$ 32,279	$ 31,190	$ 1,089	$ 141,390	$ 122,813	$ 18,577

Proceeds from investments sold, matured, or repaid during 2023 were $17,301. The net realized losses on the sale of investments for the year ended September 30, 2023 were $972 which is a component of net investment income on the Combined Statement of Income.

Net investment income for the year ended September 30, 2023 was $7,711.

NOTE 4 – REGULATORY REQUIREMENTS

On a quarterly basis, AHCCCS will review the following ratios with the purpose of monitoring the financial health of the Company: Current Ratio of at least 1.0; Medical Loss Ratio of at least 85%; Administrative Cost Percentage no greater than 10%; and Equity per member of $250 (ACC members) and $1,200 (SMI members). The Company is in compliance with all four ratios for CYE 2023. AHCCCS may elect to impose sanctions and penalties for failure to meet the ratios, the impact of which may be material to the combined financials statements if the plan does not meet these standards.

The Company executed two Surety Bond contracts to perform services related to the Company's health plan contracts with AHCCCS for both its Care1st and One Care entities. The Surety Bond executed by Care1st in the amount of $45,000 is renewed through September 30, 2024. The Surety Bond executed by One Care, for the amount of $5,000 is renewed through December 31, 2024.

NOTE 5 - FAIR VALUE MEASUREMENTS

FASB ASC 820, *Fair Value Measurements*, establishes a common definition for fair value under US GAAP and expands disclosures about such fair value measurements. FASB ASC 820 also establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values.

FASB ASC 820 requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.

($ IN THOUSANDS)

Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3: Unobservable inputs for the asset or liability.

The following table summarizes the valuation of the Company's assets subject to recurring fair value measurement by the above FASB ASC 820 categories as of September 30, 2023:

	As of September 30, 2023			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 88,774	$ —	$ —	$ 88,774
Government bonds	3,900	—	—	3,900
Asset-backed	—	12,501	—	12,501
Mortgage-backed	—	37,324	—	37,324
Municipal bonds	—	3,487	—	3,487
Corporate bonds	—	99,014	—	99,014
Total assets at fair value	$ 92,674	$ 152,326	$ —	$ 245,000

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 THOUSANDS)

NOTE 6 – UNPAID CLAIMS

The following table summarizes the change in medical claims liability:

	For the Year Ended September 30, 2023
Gross claims payable balance at October 1,	$ 41,285
Reinsurance Recoverable	(1,674)
Balance at October 1, net	39,611
Incurred related to current year	470,617
Incurred related to prior years	(6,637)
Total incurred	463,980
Paid related to current year	416,815
Paid related to prior years	34,972
Total paid	451,787
Balance at September 30, net	$ 51,804
Reinsurance Recoverable at September 30,	1,687
Gross claims payable balance at September 30,	$ 53,491

The incurred amounts related to prior years represent the variation between the Company's estimated expense for prior years' claims and the actual amounts required to satisfy such claims. For the year ended September 30, 2023, the Company experienced approximately $6,637 of favorable development.

Changes in estimates of incurred claims for prior years are primarily attributable to reserving under moderately adverse conditions. Changes in medical utilization and cost trends and the effect of medical management initiatives may also contribute to changes in medical claim liability estimates. Management believes that the amount of medical claims liability is reasonable and adequate to cover the Company's liability for unpaid claims as of September 30, 2023.

Incurred claims and allocated claim adjustment expenses, total IBNR plus expected development on reported claims and cumulative claims data as of September 30, 2023 are included in the following table. For claims frequency information summarized below, a claim is defined as the financial settlement of a single medical event in which remuneration was paid to the servicing provider. Total IBNR plus the 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

($ IN THOUSANDS)

factors such as historical data for payment patterns, cost trends, product mix, seasonality, utilization of healthcare services and other relevant factors.

Incurred and paid claims development at September 30, 2023 is as follows, net of reinsurance:

Cumulative incurred claims for the year ended September 30

	2021 (unaudited)	2022 (unaudited)	2023
Claim year:			
2021	$ 654,979	$ 655,165	$ 655,737
2022		347,850	340,641
2023			470,616
Total incurred claims			$ 1,466,994

Cumulative paid claims for the year ended September 30

	2021 (unaudited)	2022 (unaudited)	2023
Claim year:			
2021	$ 619,637	$ 654,779	$ 655,415
2022		306,950	341,286
2023			416,802
Total paid claims			$ 1,413,503
Medical claims liability			$ 53,491

Incurred claims and allocated claim adjustment expenses, total IBNR plus expected development on reported claims and cumulative claims data at September 30, 2023 are included in the following table. For claims frequency information summarized below, a claim is defined as the financial settlement of a single medical event in which remuneration was paid to the servicing provider. Total IBNR plus the expected development on reported claims represents estimates for claims incurred but not reported, development on reported claims, and estimates for the costs necessary to process unpaid claims at the end of each period. The Company estimates its liability using actuarial methods that are commonly used by health insurance actuaries and meet Actuarial Standards of Practice. These actuarial methods consider factors such as historical data for payment patterns, cost trends, product mix, seasonality, utilization of healthcare services and other relevant factors. Information is summarized as follows:

($ IN THOUSANDS)

	September 30, 2023		
	Incurred claims and allocated claim adjustment expenses	Total IBNR plus expected development on reported claims	Cumulative paid claims
Claim year:			
2021	$ 655,737	$ 322	2,776
2022	340,641	(645)	1,134
2023	470,616	53,814	1,555

NOTE 7 - INCOME TAXES

The income tax provision consisted of the following components for the year ended September 30, 2023:

	September 30, 2023
Current	
Federal	$ 7,170
State	956
Total current provision (benefit)	8,126
Deferred	
Deferred Federal and State	(1,311)
Total provision (benefit) for income taxes	$ 6,815

The reconciliation of the tax provision at the U.S. Federal Statutory Rate to the provision for income taxes includes state income taxes, tax exempt interest, and other items.

The tax effects of temporary differences that give rise to deferred tax assets and liabilities include loss reserves, deferred intercompany transfers, net unrealized gain on investments, and other items for the year ended September 30, 2023. Gross deferred tax assets totaled $5,350 and gross deferred tax liabilities totaled $17,261 at September 30, 2023.

At September 30, 2023, the Company had no operating loss or tax credit carryforwards available for tax purposes.

Valuation allowances are provided when it is considered more likely than not that deferred tax assets will not be realized. The realization of the deferred tax asset is dependent upon the Company's ability to generate sufficient taxable income in future periods. Based on historical results and the prospects for current operations, management anticipates that it is more likely than not that future taxable income will be sufficient for the realization the remaining deferred tax assets.

The Company maintains a reserve for uncertain tax positions that may be challenged by a tax authority. The Company's reserve for uncertain tax positions totaled $347 at September 30, 2023. The Company does not have any tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date. Related interest and penalties are treated as income tax

($ IN THOUSANDS)

expense under the Company's accounting policy. The total amount of interest and penalties, net of related tax benefits, recognized in the Combined Statement of Income for the periods ended September 30, 2023 is $23. The total amount of interest and penalties, net of related tax benefits, recognized in the Combined Balance Sheet at September 30, 2023 is $45. As of September 30, 2023, the Company's 2019 through 2021 tax returns remain open for federal examination, and the 2022 return had not yet been filed.

The Company's federal income tax return is consolidated with Centene and its affiliates.

The method of allocation among companies is subject to a written agreement whereby allocation is made primarily on a separate company basis using the percentage method pursuant to provisions of IRC Sections §1502 and §1552 and Treasury Regulations §1.1502 and §1.1552. This percentage method allocates a tax asset (i.e., intercompany receivable) for any benefit derived by the consolidated group for the member's losses or credits that offset consolidated taxable income. In accordance with the tax sharing agreement, each member shall pay to Parent or receive from the Parent the amount of tax liability or benefit reported on each member's proforma federal income tax return within 90 days of the date Parent files its consolidated federal income tax return.

NOTE 8 - RELATED PARTY TRANSACTIONS

Dividends
In 2023, the Company did not pay any dividends.

Capital Contributions
During the year ended September 30, 2023, the Company received a capital contribution of $20,000, from its Parent Company, Centene.

The Company's amounts due (to) from related parties are as follows at September 30, 2023:

Affiliate	Expense 2023	Amount due (to) from 2023	Services Provided
Comprehensive Health Management, Inc	$ 44,014	$ (34,772)	General management
Envolve Dental, Inc.	8,359	$ (729)	Dental vendor
Centene Pharmacy Solutions, Inc.	9,862	$ (19)	Pharmacy benefits management

NOTE 9 - COMMITMENTS AND CONTINGENCIES

From time to time, the Company may be involved in litigation arising in the ordinary course of operations. While the results of litigation cannot be predicted with certainty, management is of the opinion, after reviewing these matters with legal counsel, that the final outcome of such litigation, if any, will not have a material adverse effect on the Company's financial position.

Healthcare Regulation

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes that the Company is in compliance with fraud and abuse laws and regulations, as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future review and interpretation as well as regulatory actions unknown or unasserted at this time.

NOTE 10 – GOODWILL AND OTHER INTANGIBLE ASSETS, NET

On May 1, 2017, Care1st completed the acquisition of certain assets, including Arizona Medicaid membership and certain provider contracts, from Phoenix Health Plan. The transaction resulted in $8,330 of goodwill and $4,600 of other intangible assets for Medicaid business. This Medicaid business was part of the membership transferred to Arizona Complete Health-Complete Care Plan as disclosed in Note 1. As a result, in 2021 a portion of goodwill was transferred to Centene Corporation along with the entire amount of other intangible assets.

At September 30, 2023, the gross and net carrying amount of goodwill was $3,610.

NOTE 11 - RISKS AND UNCERTAINTIES

The Company's profitability depends in large part on accurately predicting and effectively managing medical service costs. The Company continually reviews its premium and benefit structure to reflect its underlying claims experience and revised actuarial data; however, several factors could adversely affect the medical service costs. Certain of these factors, which include changes in healthcare practices, inflation, new technologies, major epidemics, natural disasters, and malpractice litigation, are beyond any health plan's control and could adversely affect the Company's ability to accurately predict and effectively control healthcare costs. Costs in excess of those anticipated could have a material adverse effect on the Company's results of operations.

NOTE 12 - SUBSEQUENT EVENTS

The Company has evaluated subsequent events for potential recognition and/or disclosure through June 6, 2024, the date the combined financial statements are available to be issued. In December 2023, the Company identified claims paid by Care 1st for members who had primary coverage with an affiliate health plan. This resulted in an estimated financial impact of $522. Approximately $282 of the estimated financial impact stems from claims for CY 2023. Our third-party liability assessment process began identifying and paying claims as primary on the affiliate health plan in December 2023, and we will make reconciling payments between the affiliates. As additional funds will be transferred to Care1st, we do not anticipate

that this issue will have a future negative impact on the Company's financial position or solvency and expect the matter to be fully resolved by the end of CY 2024.

CARE1ST HEALTH PLAN ARIZONA, INC.
AND ONE CARE BY CARE1ST HEALTH PLAN ARIZONA, INC.
SUPPLEMENTAL INFORMATION
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2023

Supplemental Detailed Balance Sheet As of September 30, 2023

ASSETS	**Care1st**	**One Care**	**Eliminations**	**Combined**
Current assets				
Cash and cash equivalents	$ 86,607	$ 2,167	$ —	$ 88,774
Investments	7,973	—	—	7,973
Income tax receivable	—	—	—	—
Other receivables from government partners	5,554	—	—	5,554
Premiums receivable	235	—	—	235
Other receivables from government partners	—	—	—	—
Due from affiliates	—	311	(311)	—
Prepaid expenses and other receivables	3,370	60	—	3,430
Total current assets	103,739	2,538	(311)	105,966
Noncurrent assets				
Investments - Long Term	138,939	9,314	—	148,253
Other receivables from government partners	1,687	—	—	1,687
Goodwill	3,610	—	—	3,610
Other assets	404	—	—	404
Due from Affiliates	—	—	—	—
Deferred tax assets	206	399	(605)	—
Total assets	$ 248,585	$ 12,251	$ (916)	$ 259,920

See preceding combined financial statements and auditors' report

CARE1ST HEALTH PLAN ARIZONA, INC.
AND ONE CARE BY CARE1ST HEALTH PLAN ARIZONA, INC.
SUPPLEMENTAL INFORMATION
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2023

Supplemental Detailed Balance Sheet As of September 30, 2023

LIABILITIES AND STOCKHOLDER'S EQUITY	**Care1st**	**One Care**	**Eliminations**	**Combined**
Current liabilities				
Total medical claims payable	$ 53,365	$ 126	$ —	$ 53,491
Accounts payable and accrued expenses	441	—	—	441
Other payables to government partners	79,315	—	—	79,315
Income taxes payable	2,284	252	—	2,536
Due to affiliates	35,831	—	(311)	35,520
Other current liabilities	2,918	2,367	—	5,285
Total current liabilities	174,154	2,745	(311)	176,588
Long-term liabilities				
Deferred Tax liability	12,516	—	(605)	11,911
Other long-term liabilities	348	5	—	353
Total long-term liabilities	12,864	5	(605)	12,264
Additional paid-in capital	19,618	13,000	—	32,618
Retained earnings (deficit)	41,949	(3,499)	—	38,450
Total stockholder's equity	61,567	9,501	—	71,068
Total liabilities and stockholder's equity	$ 248,585	$ 12,251	$ (916)	$ 259,920

See preceding combined financial statements and auditors' report

CARE1ST HEALTH PLAN ARIZONA, INC.
AND ONE CARE BY CARE1ST HEALTH PLAN ARIZONA, INC.
SUPPLEMENTAL INFORMATION
AS OF AND FOR THE YEAR ENDED SEPTEMBER 30, 2023

Supplemental Income Statement For the Year Ended September 30, 2023

	Care1st	One Care	Combined
Revenue			
Total premium revenue, net	$ 546,383	$ 471	$ 546,854
Operating Expenses			
Total healthcare services, net	466,809	(2,829)	463,980
Selling, general and administrative expenses	51,302	(190)	51,112
Premium tax expense	10,853	—	10,853
Total expenses	528,964	(3,019)	525,945
Income from operations	17,419	3,490	20,909
Net investment income	7,849	(138)	7,711
Income (loss) before income taxes	25,268	3,352	28,620
Income tax expense	6,045	770	6,815
Net income (loss)	$ 19,223	$ 2,582	$ 21,805

See preceding combined financial statements and auditors' report

Paragraph 3.05: NTXIX/XXI: Contract Year Income Statement

Contractor Name: Care 1st Health Plan
as of September 30, 2023

	Member Months	NTXIX/XXI Crisis	NTXIX/XXI SMI Services	NTXIX/XXI Other	Housing Trust Fund	MHBG SED	MHBG SMI	MHBG FEP	SABG	Other Federal	County	PASRR	Total NTXIX/XXI	Mgmt & Gen	Grand Total
00999	**Total Member Months**														
	REVENUE														
40205-01	Non-Title XIX/XXI Revenue*	2,257,307	7,117,793	479,001	-	1,657,224	1,008,466	177,563	4,817,016	3,100,180	-	600	20,615,151	2,421,438	23,036,588
40210-01	Specialty and Other Grants*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
40215-01	Non-Title XIX/XXI Profit Limit	-	-	-	-	-	-	-	-	-	-	-	-	-	-
40305-01	Investment Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
40310-01	Other Income*												-	-	-
49999	**TOTAL REVENUE**	2,257,307	7,117,793	479,001	-	1,657,224	1,008,466	177,563	4,817,016	3,100,180	-	600	20,615,151	2,421,438	23,036,588
	EXPENSES														
	Behavioral Health (BH) Medical Expenses:														
	Treatment Services														
60105-01	Counseling	-	956,388	184,778	-	515,309	171,097	-	706,673	-	-	-	2,534,245	-	2,534,245
60105-05	Assessment, Evaluation and Screening	-	413,350	6,172	-	185,133	72,495	-	327,936	-	-	-	1,005,086	-	1,005,086
60105-10	Other Professional	-	67,785	-	-	50,889	20,728	-	114,684	-	-	-	254,085	-	254,085
60199	**Total Treatment Services**	-	1,437,523	190,951	-	751,330	264,320	-	1,149,293	-	-	-	3,793,416	-	3,793,416
	Rehabilitation Services														
60205-01	Living Skills Training	-	504,268	113,368	-	423,809	15,907	-	63,270	-	-	-	1,120,623	-	1,120,623
60205-05	Cognitive Rehabilitation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60205-10	Health Promotion	-	1,790	-	-	1,946	1,943	-	18,508	-	-	-	24,186	-	24,186
60205-15	Supported Employment Services	-	151,194	-	-	2,753	7,881	-	32,137	-	-	-	193,965	-	193,965
60299	**Total Rehabilitation Services**	-	657,252	113,368	-	428,508	25,730	-	113,915	-	-	-	1,338,774	-	1,338,774
	Medical Services														
60305-01	Medication Services	-	55,782	17,778	-	9,749	3,098	-	148,727	-	-	-	235,134	-	235,134
60305-05	Medical Management	-	345,178	42,989	-	84,322	37,976	-	183,296	-	-	-	693,760	-	693,760
60305-10	Laboratory, Radiology and Medical Imaging	-	26,660	-	-	3,010	1,655	-	3,144	-	-	-	34,468	-	34,468
60305-15	Electro-Convulsive Therapy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60399	**Total Medical Services**	-	427,620	60,767	-	97,081	42,728	-	335,167	-	-	-	963,363	-	963,363
	Support Services														
60405-01	Case Management	-	1,043,544	71,330	-	275,989	194,728	-	353,262	-	-	-	1,938,852	-	1,938,852
60405-05	Personal Care Services	-	14,350	-	-	0	0	-	8	-	-	-	14,358	-	14,358
60405-10	Family Support	-	157	2,474	-	7,173	21	-	127	-	-	-	9,952	-	9,952
60405-15	Peer Support	-	454,309	487	-	4,317	7,343	-	62,306	-	-	-	528,761	-	528,761
60405-20	Therapeutic Foster Care	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60405-21	Adult Behavioral Health Therapeutic Home	-	104	-	-	-	-	-	-	-	-	-	104	-	104
60405-25	Unskilled Respite Care	-	1,602	837	-	37,393	92	-	966	-	-	-	40,891	-	40,891
60405-30	Supported Housing*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60405-40	Transportation	-	334,385	2,170	-	16,319	25,027	-	70,073	-	-	-	447,974	-	447,974
60499	**Total Support Services**	-	1,848,451	77,298	-	341,192	227,211	-	486,741	-	-	-	2,980,892	-	2,980,892
	Crisis Intervention Services														
60505-01	Crisis Intervention - Mobile	786,538	55,609	-	-	-	0	-	90,773	-	-	-	932,919	-	932,919
60505-05	Crisis Intervention - Stabilization	886,348	31,553	-	-	-	140,202	-	363,500	-	-	-	1,421,604	-	1,421,604
60505-10	Crisis Intervention - Telephone	403,837	25,176	-	-	-	1,006	-	132	-	-	-	430,151	-	430,151
60599	**Total Crisis Intervention Services**	2,076,723	112,338	-	-	-	141,208	-	454,406	-	-	-	2,784,674	-	2,784,674
	Inpatient Services														
60605-01	Hospital	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60605-05	Sub acute Facility	-	543,806	-	-	443	111,929	-	340,176	-	-	-	996,354	-	996,354
60605-10	Residential Treatment Center (RTC)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60605-15	Inpatient Services, Professional	-	62,577	-	-	-	22,183	-	21,633	-	-	-	106,394	-	106,394
60699	**Total Inpatient Services**	-	606,384	-	-	443	134,113	-	361,809	-	-	-	1,102,748	-	1,102,748
	Residential Services														
60705-01	Behavioral Health Residential Facilities	-	482,700	-	-	8,261	48,324	-	749,238	-	-	-	1,288,523	-	1,288,523
60705-10	Room and Board	-	162,202	-	-	-	-	-	192,443	-	-	-	354,645	-	354,645
60799	**Total Residential Services**	-	644,901	-	-	8,261	48,324	-	941,681	-	-	-	1,643,168	-	1,643,168
	Behavioral Health Day Program														
60805-01	Supervised Day Program	-	15	-	-	(0)	(0)	-	0	-	-	-	15	-	15
60805-05	Therapeutic Day Program	-	217	-	-	94	(0)	-	69	-	-	-	380	-	380
60805-10	Medical Day Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-
60899	**Total Behavioral Health Day Program**	-	231	-	-	94	(0)	-	69	-	-	-	395	-	395
	HIV Services														
60905-05	HIV	-	-	-	-	-	-	-	142,419	-	-	-	142,419	-	142,419
60999	**Total HIV Services**	-	-	-	-	-	-	-	142,419	-	-	-	142,419	-	142,419
	BH Pharmacy Expenses														
61005-01	BH Pharmacy Expense	-	1,167,260	1,135	-	20,818	-	-	78,798	-	-	-	1,268,012	-	1,268,012
61099	**Total Pharmacy Expense**	-	1,167,260	1,135	-	20,818	-	-	78,798	-	-	-	1,268,012	-	1,268,012
61100-01	PPC BH Title XIX	-	-	-	-	-	-	-	-	-	-	-	-	-	-
61105-01	Other BH Service Expenses Not Reported Above*	-	-	-	-	-	7,197	156,824	441,486	2,852,166	-	600	3,458,273	2,242,334	5,700,607
61205-01	BH FQHC/RHC Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
61299	**Subtotal BH Medical Expenses**	2,076,723	6,901,959	443,519	-	1,647,726	890,831	156,824	4,505,785	2,852,166	-	600	19,476,132	2,242,334	21,718,467
61305-01	Specialty and Other Grant Expenses*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
69998	**Total BH Medical Expenses**	2.076.723	6.901.959	443.519	-	1.647.726	890.831	156.824	4.505.785	2.852.166	-	600	19.476.132	2.242.334	21.718.467
	Less:														
70105-01	Reinsurance Recoveries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70205-02	Third Party Liability	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70305-01	Claims Overpayment Recoveries	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70310-05	Pharmacy Rebates	-	-	-	-	-	-	-	-	-	-	-	-	-	-
70310-10	Pharmacy Performance Guarantees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
85999	**Total Net Medical Expense**	2,076,723	6,901,959	443,519	-	1,647,726	890,831	156,824	4,505,785	2,852,166	-	600	19,476,132	2,242,334	21,718,467
	Administrative Expenses:														
80105-01	Compensation	101,118	262,912	21,120	-	60,084	45,681	9,230	208,671	162,337	-	-	871,154	117,777	988,932
80205-01	Occupancy	3,783	9,629	805	-	2,590	1,766	368	8,043	5,921	-	-	32,905	4,281	37,186
80305-01	Depreciation	15,452	34,638	3,145	-	8,916	6,670	1,289	30,075	25,641	-	-	125,826	18,683	144,508
80405-01	Care Management/Care Coordination	9,742	30,617	2,002	-	8,352	3,998	172	20,646	710	-	-	76,240	-	76,240
80505-01	Professional and Outside Services	30,793	74,534	6,289	-	18,829	13,247	2,582	61,146	47,019	-	-	254,439	33,814	288,253
80605-01	Office Supplies and Equipment	1,372	3,175	282	-	827	603	118	2,728	2,244	-	-	11,350	1,629	12,979
80705-01	Travel	669	1,432	134	-	364	281	53	1,265	1,130	-	-	5,327	825	6,152
80805-01	Repair and Maintenance	-	-	-	-	-	-	-	-	-	-	-	-	-	-
80905-01	Bank Service Charge	755	1,843	158	-	490	343	70	1,559	1,205	-	-	6,423	874	7,296
81005-01	Insurance	894	2,593	187	-	715	393	77	1,908	820	-	-	7,586	515	8,101
81105-01	Marketing	28	90	-	-	-	-	-	-	-	-	-	118	-	118
81205-01	Interest Expense	66	203	11	-	49	22	-	134	-	-	-	486	-	486
81305-01	Pharmacy Benefit Manager Expenses	6,166	19,410	1,172	-	5,056	2,320	-	12,912	-	-	-	47,037	-	47,037
81405-01	Fraud Reduction Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
81505-01	Third Party Activities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
81605-01	Sub Capitation Block Administration	363	6,829	-	-	303	58	-	784	-	-	-	8,337	-	8,337
81705-01	Health Care Quality Improvement	8,617	26,763	-	-	5,981	4,936	196	18,602	-	-	-	65,095	-	65,095
81810-01	Program Integrity Fraud, Waste and Abuse Prevention	-	-	-	-	-	-	-	-	-	-	-	-	-	-
82505-01	Interpretation/Translation Services	32	97	5	-	24	11	3	65	-	-	-	237	-	237
83005-01	Other Administrative Expenses*	732	1,530	171	-	402	346	48	1,364	988	-	-	5,580	706	6,285
83999	**Subtotal Administrative Expenses**	180,584	476,292	35,482	-	112,982	80,677	14,205	369,902	248,014	-	-	1,518,138	179,103	1,697,241
83105-01	Non-Title XIX/XXI Encounter Valuation Sanctions*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
83205-01	Admin Expenses from Specialty and Other Grants*	-	-	-	-	-	-	-	-	-	-	-	-	-	-
84999	**Total Administrative Expense**	180,584	476,292	35,482	-	112,982	80,677	14,205	369,902	248,014	-	-	1,518,138	179,103	1,697,241
86999	**Total Expenses**	2,257,307	7,378,252	479,001	-	1,760,708	971,508	171,029	4,875,686	3,100,180	-	600	20,994,270	2,421,438	23,415,708
87999	**Profit (Loss) from Operations**	0	(260,459)	0	-	(103,483)	36,958	6,534	(58,670)	0	-	-	(379,120)	(0)	(379,120)
88999-01	Non-Operations - Investment Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
88999-02	Non-Operations - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
88999	**Profit (Loss) from Non-Operations**	-	-	-	-	-	-	-	-	-	-	-	-	-	-
89999	**Profit/(Loss) Before Taxes**	0	(260,459)	0	-	(103,483)	36,958	6,534	(58,670)	0	-	-	(379,120)	(0)	(379,120)
90105-01	Income Taxes	0	(61,778)	0	-	(24,049)	11,308	1,353	(14,527)	-	-	-	(87,693)	-	(87,693)
90205-01	Premium Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
99999	**Net Profit/(Loss)**	0	(198,681)	0	-	(79,435)	25,651	5,181	(44,142)	0	-	-	(291,427)	(0)	(291,427)
990105-01	Community Reinvestment													-	-
990205-01	Non-Covered Services													-	-
990305-01	Unreimbursed Performance Based Payments													-	-
990405-01	Value-Added Services													-	-
999999	**Net Profit/(Loss) After 990xxx-xx Accounts**													(0)	(291,427)

*Disclose on Schedule A

Paragraph 3.05: NTXIX/XXI: Contract Year Income Statement - Schedule A Disclosure

Contractor Name: Care 1st Health Plan

as of September 30, 2023

	NTXIX/XXI Crisis	NTXIX/XXI SMI Services	NTXIX/XXI Other	Housing Trust Fund	MHBG SED	MHBG SMI	MHBG FEP	SABG	Other Federal	County	PASRR	Total NTXIX/XXI	Mgmt & Gen	Grand Total
Disclosure of NTXIX/XXI Other, Other Federal and Mgmt & Gen AHCCCS Revenue reported on line 40205-01														
SUDS			$72,288									$72,288		$72,288
Children's Behavioral Health Services Fund (CBHSF)			$406,712									$406,712		$406,712
SOR III Year 1									$2,578,790			$2,578,790		$2,578,790
MHBG ARPA SED									$245,436			$245,436		$245,436
MHBG CRRSAA SMI									$146,665			$146,665		$146,665
MHBG CRRSAA SED									$129,290			$129,290		$129,290
Title 36												$0	$2,421,438	$2,421,438
Total NTXIX/XXI Other and Other Federal Column	$0	$0	$479,001	$0	$0	$0	$0	$0	$3,100,180	$0	$0	$3,579,181	$2,421,438	$6,000,618
Disclosure of Specialty and Other Grants Reported on line 40210-01														
												$0		$0
												$0		$0
												$0		$0
Total Specialty and Other Grants	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Disclosure of Other Income Reported on line 40310-01														
												$0		$0
												$0		$0
												$0		$0
Total Other Income	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Disclosure of Supported Housing Reported on line 60405-30														
Rental Subsidy												$0		$0
Management Fees												$0		$0
Utility Payments												$0		$0
Repair & Maintenance												$0		$0
Damages												$0		$0
Deposits												$0		$0
Start UP												$0		$0
Eviction Prevention												$0		$0
												$0		$0
Housing Trust Fund - Construction/Improvements												$0		$0
												$0		$0
Total Supported Housing	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Disclosure of Non-Title XIX/XXI Other Services Reported on line 61105-01														
VBP Performance Incentive							$0					$0		$0
MHBG-FEP							$156,824					$156,824		$156,824
SOR III Year 1									$2,372,486			$2,372,486		$2,372,486
MHBG ARPA SED									$225,801			$225,801		$225,801
MHBG CRRSAA SMI									$134,931			$134,931		$134,931
MHBG CRRSAA SED									$118,947			$118,947		$118,947
Jail Liaisons												$0		$0
COT Administration												$0		$0
YES Program												$0		$0
SABG ASAM								$10,114				$10,114		$10,114
PRN Program						$7,197						$7,197		$7,197
Outreach								$6,250				$6,250		$6,250
Oxford House								$425,122				$425,122		$425,122
PASRR											$600	$600		$600
Title 36												$0	$2,242,334	$2,242,334
Total Other Services	$0	$0	$0	$0	$0	$7,197	$156,824	$441,486	$2,852,166	$0	$600	$3,458,273	$2,242,334	$5,700,607
Disclosure of Specialty and Other Grants Reported on line 61305-01														
												$0		$0
												$0		$0
Total Specialty and Other Grants Expenses	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Disclosure of Non-Title XIX/XXI Other Admin Expenses Reported on line 83005-01														
Data processing	$269	$594	$54	$0	$152	$115	$22	$519	$449	$0	$0	$2,175	$327	$2,502
EE meetings, training, seminars	$112	$247	$23	$0	$64	$48	$9	$216	$187	$0	$0	$906	$136	$1,043
EOP / EOB processing fees	$84	$186	$18	$0	$48	$36	$7	$162	$140	$0	$0	$680	$102	$782
Printing	$228	$416	$68	$0	$116	$130	$6	$391	$146	$0	$0	$1,502	$92	$1,594
Physician credentialing	$39	$87	$8	$0	$22	$17	$3	$76	$65	$0	$0	$317	$48	$365
Sanction	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Non-Title XIX/XXI Other Admin Expenses	$732	$1,530	$171	$0	$402	$346	$48	$1,364	$988	$0	$0	$5,580	$706	$6,285
Disclosure of Non-Title XIX/XXI Encounter Valuation Reported on line 83105-01														
												$0		$0
												$0		$0
												$0		$0
Total Non-Title XIX/XXI Encounter Valuation Sanctions	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Disclosure of Administrative Expenses from Specialty and Other Grants Reported on line 83205-01														
												$0		$0
												$0		$0
												$0		$0
Total Adm Expenses from Specialty and Other Grants Expenses	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0