

AFFILIATION AGREEMENT

by and between

POINT32HEALTH, INC.

AND

**BAYSTATE HEALTH, INC., ON BEHALF OF ITSELF, HEALTH NEW ENGLAND,
INC., AND EACH SUBSIDIARY OF HEALTH NEW ENGLAND, INC.**

Dated as of February 15, 2024

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AFFILIATION AGREEMENT

This AFFILIATION AGREEMENT is made as of February 15, 2024 (the “Execution Date”), by and between Point32Health, Inc., a Massachusetts nonprofit corporation (“Point32Health”), and Baystate Health, Inc., a Massachusetts nonprofit corporation (“Baystate Health”), on behalf of itself and the following Subsidiaries: Health New England, Inc. (“HNE”), HNE of Connecticut, Inc. (the “HNE Tax-Exempt Subsidiary”), and HNE Holding Corporation, HNE Insurance Services Corporation, Inc., HNE Advisory Services, Inc. (“HNE Advisory”), and HNE Insurance Company, Inc. (collectively, the “HNE Taxable Subsidiaries,” together with the HNE Tax-Exempt Subsidiary, the “HNE Subsidiaries” and together with HNE, the “Companies” and each a “Company”). Point32Health and Baystate Health are each sometimes referred to in this Agreement as a “Party,” and collectively as the “Parties.” Certain capitalized terms used in this Agreement have the meanings set forth in Article I.

WITNESSETH

WHEREAS, Baystate Health is a nonprofit healthcare system with the mission of improving the health of the people in its community every day, with quality and compassion;

WHEREAS, HNE is a nonprofit health plan licensed by the Commonwealth of Massachusetts to provide health insurance coverage for comprehensive medical services, with the mission of improving the health and lives of the people in its community;

WHEREAS, Baystate Health is the sole corporate member of HNE and the indirect parent company of the HNE Subsidiaries;

WHEREAS, Point32Health is a nonprofit parent organization that carries out the purposes, and oversees the operations, of its Subsidiaries, which offer comprehensive health benefits plans, and is committed to providing high quality and affordable health care, improving the health and wellness of its enrollees, and creating healthier communities; and

WHEREAS, the Parties desire for Point32Health to become the sole member of HNE, upon the terms and subject to the conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants, and agreements contained in this Agreement, and incorporating the recitals set forth above, the Parties agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. The following terms shall have the following meanings for purposes of this Agreement:

“340B Program” means the drug pricing program, available to “covered entities,” that is administered by the Health Resources and Services Administration pursuant to 42 U.S.C. § 256b.

“Accounting Firm” has the meaning set forth in Section 3.2(e).

“Actuarial Analyses” has the meaning set forth in Section 5.20(e).

“Adverse Claim Consequences” has the meaning set forth in Section 12.5(b).

“Affiliate” means, with respect to any specified Person, any other Person that, directly or indirectly, controls, is under common control with, or is controlled by such specified Person. The term “control” (including its correlative meanings “under common control with” and “controlled by”) as used in the preceding sentence means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through ownership of securities, membership, partnership, or other interests, by Contract, or otherwise. For purposes of this Agreement, Baycare Health Partners, Inc. and Baystate Health Care Alliance, LLC shall be deemed to be Affiliates of Baystate Health.

“Agreed Accounting Principles” means, as applicable, either (i) GAAP applied on a basis consistent with the accounting methods, practices and procedures used to prepare the Unregulated Companies’ unaudited internal financial statements on the applicable Balance Sheet Date insofar as such practices are consistent with GAAP or (ii) SAP applied on a basis consistent with the accounting methods, practices and procedures used to prepare the Regulated Companies’ audited financial statements on the applicable Balance Sheet Date insofar as such practices are consistent with SAP.

“Agreement” means this Affiliation Agreement, including all Exhibits, Schedules, and Attachments hereto, the Baystate Health Disclosure Schedule, Company Disclosure Schedule, and Point32Health Disclosure Schedule (in each case as may be supplemented in accordance with the terms hereof).

“Allegation” has the meaning set forth in Section 5.15(f).

“Anti-Corruption Laws” means the U.S. Foreign Corrupt Practices Act (15 U.S.C. §§ 78dd 1 et seq.) or any other applicable federal or state anti-corruption Law of a similar nature.

“Antitrust Laws” means any applicable federal or state antitrust, competition, or trade regulation Laws that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or lessening competition, including the HSR Act, the Sherman Act, the Clayton Act and the Federal Trade Commission Act, in each case, as amended, and other similar laws regulating antitrust, competition or restraint of trade.

“Appeal Proceedings” has the meaning set forth in Section 7.9(b)(i)

“Authorized Control Level” means the “Authorized Control Level RBC” (as defined in 211 Mass Code Regs. 20.01) of the Companies, calculated in accordance with the 211 Mass Code Regs. 20.01.

“Automatic Termination” has the meaning set forth in Section 11.1(g).

“Balance Sheet Date” means, with respect to the Regulated Companies and Unregulated Companies, June 30, 2023.

“Base Membership Count” means (a) for the Commercial Line of Business, fifty-six thousand sixty-five (56,065) Enrollees minus the Central Massachusetts Merged Market Exit Count; (b) for Medicare Advantage Plan Line of Business, eleven thousand seven hundred seventy nine (11,779) Enrollees; and (c) for the Medicaid Program Line of Business, forty-nine thousand five hundred (49,500) Enrollees minus the Closing Date Medicaid Redeterminations Count.

“Basket Amount” has the meaning set forth in Section 12.4(d).

“Baycare Commercial Provider Agreement” means that certain commercial provider agreement between HNE and Baycare Health Partners, Inc., dated as of November 1, 2003, as amended and supplemented through the Execution Date.

“Baystate Health” has the meaning set forth in the preamble to this Agreement.

“Baystate Health Benefit Plan” means any Benefit Plan, other than an HNE Benefit Plan, that is sponsored, maintained or contributed to by Baystate Health or any of its Subsidiaries (other than the Companies) or to which Baystate Health or any of its Subsidiaries reasonably could have a material liability.

“Baystate Health Disclosure Schedule” means that certain document (as modified from time to time in accordance with the terms hereof) identified as the Baystate Health Disclosure Schedule delivered by Baystate Health to Point32Health in connection with this Agreement.

“Baystate Health Indemnitees” has the meaning set forth in Section 12.3.

“Baystate Health’s Knowledge” or any similar expression with regard to the knowledge of Baystate Health means the actual knowledge of or knowledge of information that reasonably should be known upon conducting due and reasonable inquiry, including inquiry with such individual’s direct reports, by Baystate Health’s Chief Executive Officer, Chief Financial Officer, Chief Human Resources Officer, and Chief Legal Officer.

“Baystate Health Surplus Note” means that certain surplus note in the principal amount of Twenty Million Dollars (\$20,000,000) issued by HNE to Baystate Health dated December 28, 2015, as amended.

“Baystate Health Trademarks” means all Trademarks owned by Baystate Health or any of its Affiliates other than the Companies that are the subject of active registrations or pending

applications before the United States Patent and Trademark Office, including, but not limited to, BAYSTATE HEALTH and BAYSTATE MEDICAL CENTER.

“Be Healthy Partnership Agreement” means that certain Be Healthy Partnership Agreement between HNE and Baystate Health Care Alliance, LLC, dated April 1, 2023.

“Benefit Plan” means (a) an “employee benefit plan” within the meaning of Section 3(3) of ERISA (whether or not such plan is subject to ERISA), (b) phantom equity or other equity-based plan, or (c) any other employment, consulting, severance, retention, deferred-compensation, retirement, welfare benefit, bonus, incentive, change in control, vacation, fringe benefit, insurance or hospitalization program, flexible benefit plan, cafeteria plan or dependent care plan for any current or former employee, director, consultant or agent, whether pursuant to a plan, policy, program, Contract, or arrangement, excluding any plan that is sponsored, maintained or administered by any Governmental Authority for which the sole obligation of the employer is to collect and remit contributions, premiums or taxes.

“Business” or “Business of the Companies” means the collective businesses conducted by the Companies as of the date of this Agreement, including, but not limited to, the operation of commercial health, Medicaid Program, Medicare Advantage, and Medicare Supplemental Product Plans.

“Business Day” means any day of the year other than (a) any Saturday or Sunday or (b) any other day on which banks located in New York are authorized or required to be closed for business.

“Cap” has the meaning set forth in Section 12.4(a).

“CARES Act” means, collectively, the Coronavirus Aid, Relief, and Economic Security Act and any successor legislation, executive order or executive memo or applicable guidance issued thereunder or relating thereto or any similar applicable U.S. federal, state or local Law, as may be amended and any administrative or other guidance (including, without limitation, “Division N—Additional Coronavirus Response and Relief” of the “Consolidated Appropriations Act, 2021” (H.R. 133), 2020-38 IRB, and the Memorandum on Deferring Payroll Tax Obligations in Light of the Ongoing COVID-19 Disaster, IRS Notice 2020-65 and IRS Notice 2021-11), and any other U.S. federal, state or local statutory Law intended to address the consequences of the COVID-19 pandemic, including the Health and Economic Recovery Omnibus Emergency Solutions Act.

“Cash” means, as of a given time, without duplication, an amount equal to the aggregate amount of all cash, cash equivalents and marketable securities of the Companies, net of any checks written (but not yet cashed) by any of the Companies and any restricted cash and cash equivalents that are not freely distributable at Closing, in each case, calculated in accordance with Agreed Accounting Principles.

“Cash Escrow Account” means the account established by the Escrow Agent pursuant to the Escrow Agreement to hold the Cash Escrow Amount.

“Cash Escrow Amount” means Sixteen Million Five Hundred Thousand Dollars (\$16,500,000).

“Central Massachusetts Merged Market Exit Count” means the total number of Enrollees who were Enrollees as of the Execution Date who are no longer Enrollees as of the Closing Date as a result of the Companies’ exit from Central Massachusetts merged market with respect to their Commercial Line of Business, as set forth Attachment 1.1(a) attached hereto.

“Change in Health Care Law” means any adoption, implementation, promulgation, repeal, modification, amendment, reinterpretation, or change of any applicable federal or Massachusetts Law relating to Medicare or otherwise relating to the health care, health insurance or managed care industry that prevents or materially impedes the operation of the Business as it is conducted as of the date hereof.

“CISO” has the meaning set forth in Section 7.18.

“CISO Direct Costs” means the direct costs and expenses incurred or accrued by HNE or its Affiliates in connection with recruiting and employing or engaging the CISO including, without limitation and as applicable, base salary, bonus or other non-equity based incentive compensation, retirement and benefit expenses, consulting fees, vicarious liability insurance premiums, disability insurance premiums, worker’s compensation insurance premiums, HNE’s portion of FICA, unemployment taxes, and state health insurance taxes.

“Claim Notice” has the meaning set forth in Section 12.5(a).

“Closing” has the meaning set forth in Section 2.2.

“Closing Consideration” has the meaning set forth in Section 3.1(a)(i).

“Closing Date” has the meaning set forth in Section 2.2.

“Closing Date Medicaid Enrollment Count” means the total number of Enrollees in a Medicaid Program offered by the Companies as of the Closing Date, as determined by using the EOHHS monthly 834 Health Care Benefit Enrollment and Maintenance file.

“Closing Date Medicaid Redeterminations Count” means forty-nine thousand five hundred (49,500) Enrollees minus the number of Medicaid Program Line of Business Enrollees reflected in the Medicaid Redeterminations File as of the Medicaid Redeterminations Measurement Date (or, if such date has not yet occurred prior to or on the Closing Date, the Medicaid Redeterminations File released closest in time prior to or on the Closing Date); provided that, if the calculation yields a negative number, the “Closing Date Medicaid Redeterminations Count” shall be zero.

“Closing Membership Count” means the total number of Enrollees per Line of Business as of the Closing Date, as determined by using the applicable Enrollment File for each Line of Business.

“Closing Membership Count Adjustment” means the difference between (a) the Base Membership Count and (b) the Closing Membership Count, calculated per Line of Business, and *multiplied by* the following amounts per each new or lost Enrollee, as applicable, on a net basis per Line of Business: (i) Five Hundred Fifty Dollars (\$550) per Enrollee in the Commercial Line of Business; (ii) Four Thousand Dollars (\$4,000) per Enrollee in the Medicare Advantage Plan Line of Business; and (iii) One Thousand Six Hundred and Fifty Dollars (\$1,650) per Enrollee in the Medicaid Program Line of Business; provided, however, net changes less than or equal to three percent (3%) between the Base Membership Count and Closing Membership Count as calculated and finally determined on a per Line of Business basis, will not count toward the Closing Membership Count Adjustment (*e.g.*, if the difference between the Base Membership Count and the Closing Membership Count is negative five percent (-5%) the Closing Membership Count Adjustment will account for a two percent (2%) change).

“CMS” means the Centers for Medicare and Medicaid Services.

“Code” means the U.S. Internal Revenue Code of 1986, as amended.

“Companies’ Knowledge” or any similar expression with regard to the knowledge of a Company means the actual knowledge of or knowledge of information that reasonably should be known upon conducting due and reasonable inquiry, including inquiry with such individual’s direct reports, by HNE’s Chief Executive Officer, Chief Financial Officer, Vice President of Commercial Line of Business and Business Development, Vice President of Human Resources, Vice President & General Counsel, Vice President of Information Technology, and Baystate Health’s Chief Executive Officer, Chief Financial Officer, Chief Human Resources Officer, and Chief Legal Officer.

“Company” and “Companies” has the meaning set forth in the preamble to this Agreement.

“Company Disclosure Schedule” means that certain document (as modified from time to time in accordance with the terms hereof) identified as the Company Disclosure Schedule delivered by the Companies to Point32Health in connection with this Agreement.

“Company Indebtedness” means all Indebtedness of HNE or any of the HNE Subsidiaries.

“Company Returns” has the meaning set forth in Section 9.1(a).

“Competing Transaction” has the meaning set forth in Section 7.5.

“Confidentiality Agreement” means the Mutual Confidentiality and Non-Disclosure Agreement, dated April 10, 2023, between Point32Health and Baystate Health.

“Consent” means a consent, authorization, waiver, permit, grant, agreement, certificate, exemption, Order, declaration, end of a waiting period for approval of, estoppel or approval of, a filing, notification, or registration with, a Person.

“Continuing Employee” has the meaning set forth in Section 8.1.

“Contract” means any contract, agreement, lease, sublease, license, sublicense, indenture, mortgage, note, promissory note, bond, guaranty, or other arrangement, whether written or oral.

“Contractor” has the meaning set forth in Section 5.15(b).

“Contractor List” has the meaning set forth in Section 5.15(b).

“Copyright” has the meaning set forth in the definition of “Intellectual Property”.

“Court” means any court, arbitrator or tribunal of the U.S., any domestic state, or any non-U.S. country, and any political subdivision thereof.

“COVID-19” means SARS-CoV-2 or COVID-19, and any evolutions thereof.

“COVID-19 Measures” means any quarantine, “shelter in place,” “stay at home,” workforce reduction, social distancing, shut down, closure, sequester or any other Law, Order, action, directive, guidelines, executive order, executive memo or recommendations (together with all guidance, rules and regulations related thereto) by any Governmental Authority in connection with or in response to COVID-19, including, but not limited to, the CARES Act, the Consolidated Appropriations Act, 2021, the American Rescue Plan Act of 2021, Section 13(3) of the Federal Reserve Act, the Memorandum on Deferring Payroll Tax Obligations in Light of the Ongoing COVID 19 Disaster, dated August 8, 2020, and IRS Notice 2020 65, the Health and Economic Recovery Omnibus Emergency Solutions Act and the Health, Economic Assistance, Liability Protection, and Schools Act.

“Dedicated Contractor” means those Contractors who are primarily engaged in the support of the Business of the Companies (*i.e.*, who spend at least eighty percent (80%) of working time supporting the Business of the Companies), or are dedicated to support the Business of the Companies (*i.e.*, who spend one hundred percent (100%) of working time supporting the Business of the Companies).

“Designated Service Provider” has the meaning set forth in Section 5.15(f).

“Direct Claim” has the meaning set forth in Section 12.5(c).

“Dispute Notice” has the meaning set forth in Section 3.2(d).

“Dispute Submission Notice” has the meaning set forth in Section 3.2(e).

“Dollars” or numbers preceded by the symbol “\$” mean amounts in U.S. Dollars.

“Earn-Out Agreement” means that certain Earn-Out Agreement, by and between the Parties that sets forth the Earn-Out Consideration, including, but not limited to, the provisions set forth in Exhibit A.

“Earn-Out Consideration” has the meaning set forth in Section 3.6.

“Effective Time” has the meaning set forth in Section 2.2.

“Employee List” has the meaning set forth in Section 5.15(a).

“Employees” means, collectively, the employees of the Companies and their Affiliates who are primarily engaged in the support of the Business of the Companies (*i.e.*, who spend at least eighty percent (80%) of working time supporting the Business of the Companies), or are dedicated to support the Business of the Companies (*i.e.*, who spend one hundred percent (100%) of working time supporting the Business of the Companies), whether employed by the Companies as of the date of this Agreement or included in the group of employees who will be transferred to one of the Companies prior to the Closing as contemplated by Article VIII; provided, however, employees of Baystate Health and its Affiliates (other than the Companies) who are primarily engaged in the support of the Be Healthy Partnership Agreement shall not be considered Employees for purposes of this Agreement.

“Enforceability Limitations” means limitations on enforcement and other remedies imposed by or arising under or in connection with applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium, and other similar Laws relating to or affecting creditors’ rights generally from time to time in effect or general principles of equity (including concepts of materiality, reasonableness, good faith, and fair dealing with respect to those jurisdictions that recognize such concepts).

“Enrollees” means all of the members enrolled under the Payor Contracts related to the Business of the Companies and all of the members enrolled in any plan where a Company is the payor.

“Enrollment Files” means (a) for Enrollees in the Commercial Line of Business, internal HNE monthly close file on month-end membership; (b) for Enrollees in the Medicaid Program Line of Business, the EOHHS monthly 834 Health Care Benefit Enrollment and Maintenance file; and (c) for Enrollees in the Medicare Advantage Plan Line of Business, the CMS Medicare Advantage membership monthly enrollment file.

“Environmental Law” means any Law currently in effect relating to pollution or protection of the environment.

“Environmental Permit” means any Permit required by or issued pursuant to any Environmental Law.

“EOHHS” means the Massachusetts Executive Office of Health and Human Services.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated thereunder.

“ERISA Affiliate” means, with respect to any Person, any trade or business, whether or not incorporated, that together with such Person would be deemed to be a member of the same “controlled group” with such Person within the meaning of Section 4001(a)(14) of ERISA or Section 414 of the Code.

“Escrow Agent” means JPMorgan Chase Bank, N.A.

“Escrow Agreement” means the Escrow Agreement in substantially the form attached hereto as Exhibit B.

“Estimated Closing Balance Sheet” has the meaning set forth in Section 3.2(a).

“Estimated Closing Statement” has the meaning set forth in Section 3.2(a).

“Estimated Total Consideration” has the meaning set forth in Section 3.2(b).

“Excluded Asset” has the meaning set forth in Section 7.12(a).

“Execution Date” has the meaning set forth in the preamble to this Agreement.

“Final Closing Balance Sheet” has the meaning set forth in Section 3.2(e).

“Final Closing Statement” has the meaning set forth in Section 3.2(e).

“Final Determination” means a “determination” described in Section 1313(a) of the Code (or any comparable or similar provision of state, local or non-U.S. Law).

“Final Medicaid Redeterminations Count” means, if the Medicaid Redeterminations Measurement Date occurs after the Closing Date, forty-nine thousand five hundred (49,500) Enrollees minus the number of Medicaid Program Line of Business Enrollees reflected in the Medicaid Redeterminations File as of the Medicaid Redeterminations Measurement Date; provided that, if the calculation yields a negative number, the “Final Medicaid Redeterminations Count” shall be zero.

“Financial Statements” has the meaning set forth in Section 5.3(a).

“Fundamental Representations” means the representations and warranties set forth in Section 4.1 (Organization and Authorization of Baystate Health), Section 4.5 (Brokers), Section 5.1 (Organization and Authorization of the Companies), Section 5.17 (Taxes), Section 5.28 (Brokers), Section 6.1 (Organization and Good Standing), and Section 6.5 (Brokers).

“GAAP” means U.S. generally accepted accounting principles, as in effect from time to time.

“Government-Sponsored Health Care Program” means (a) the Medicare Program, (b) the Medicaid Program and (c) any other state or “federal health care program”, as defined in 42 U.S.C. § 1320a-7b(f).

“Governmental Authority” means any U.S. federal, state, provincial, local, non-U.S., or supranational government or other political subdivision thereof or any entity, body, authority, agency, commission, Court, tribunal, or judicial body exercising executive, legislative, judicial, regulatory, arbitral, or administrative law functions, including quasi-governmental entities established to perform such functions, or any public or private mediator, arbitrator or arbitral body.

“HCERA” has the meaning set forth in Section 5.14(d).

“Health Care Laws” means all applicable Laws, accreditation standards for any accreditations required by Law, and other requirements pertaining to health care regulatory matters applicable to the Companies, including, but not limited to: (a) Insurance Laws; (b) the provision of administrative, management or other services related to any Government-Sponsored Health Care Programs, including the administration of health care claims or benefits or processing or payment for health care services, treatment or supplies furnished by Providers, third-party administration, utilization review, quality assurance, credentialing or coordination of benefits; (c) the Consolidated Omnibus Budget Reconciliation Act of 1985; (d) the Medicaid Program; (e) the Medicare Program; (f) the Medicare Prescription Drug, Improvement, and Modernization Act of 2003; (g) the Medicare Improvements for Patients and Providers Act of 2008; and (h) the Patient Protection and Affordable Care Act (Pub. L. 111-148) as amended by HCERA.

“Health Care Reform Laws” has the meaning set forth in Section 5.14(d).

“Health Care Representations” means the representations and warranties set forth in Section 5.19 (Compliance with Laws; Illegal Payments), Section 5.20 (Insurance Matters), and Section 5.22 (HIPAA).

“HIPAA” means the Health Insurance Portability and Accountability Act of 1996, the Health Information Technology for Economic and Clinical Health Act, and the regulations implementing both Laws, including those at 45 C.F.R. Parts 160, 162 and 164, as amended.

“HNE” has the meaning set forth in the preamble to this Agreement.

“HNE Advisory” has the meaning set forth in the preamble to this Agreement.

“HNE Benefit Plan” means any Benefit Plan that is sponsored, maintained, or contributed to by any of the Companies.

“HNE Board” has the meaning set forth in Section 2.1(b).

“HNE Holding Consolidated Group” means any affiliated, consolidated, joint, unitary, combined or similar group for purposes of filing Tax Returns that is comprised of the HNE Taxable Subsidiaries.

“HNE Holding Consolidated Return” means any Tax Return filed by or with respect to the HNE Holding Consolidated Group.

“HNE Intellectual Property” means (a) all Intellectual Property owned or purported to be owned by the Companies, and (b) all Intellectual Property owned or purported to be owned by Baystate Health or any of its Affiliates other than the Companies, that (in the case of this part (b)) is primarily used in, the operation of the Business of the Companies (such Intellectual Property described in this part (b), the “Pre-Closing Contribution Intellectual Property”). For the avoidance of doubt, Pre-Closing Contribution Intellectual Property expressly excludes the Baystate Health Trademarks.

“HNE IT Systems” has the meaning set forth in Section 5.10(b).

“HNE Real Property” has the meaning set forth in Section 5.8(b).

“HNE Records” means all documents and books and records (whether in written or electronic form) of a Company solely to the extent used by a Company in connection with the Business of the Companies, including all (a) work papers, (b) documents, (c) minutes, (d) reports, (e) summaries, (f) spreadsheets, (g) charts, (h) documents that form the basis for any of clauses (a) - (g), (i) business analyses, (j) financial analyses, (k) statistical analyses, (l) documents that form the basis for any of clauses (i) - (k), (m) memoranda, (n) correspondence or communications, including any and all documents or correspondence between a Company, on the one hand, and EOHHS, on the other hand, (o) correspondence or communications, including any and all documents or correspondence between a Company, on the one hand, and CMS, on the other hand, (p) correspondence or communications, including any and all documents or correspondence submitted by the Companies to any other Governmental Authority or submitted by or to the Companies by any other Governmental Authority, (q) protocols, (r) plans, (s) policies, (t) templates, (u) processes, (v) Provider credentialing information, (w) customer lists, (x) Enrollee lists, (y) Payor lists, (z) Provider lists, (aa) supplier lists, and (bb) personnel records of current and former Employees (including Forms I-9 for such Employees) but expressly excluding any attorney-client privileged communications belonging to Baystate Health and its Affiliates, and other documents, communications, records and information belonging to Baystate Health and its Affiliates unrelated to the Business of the Companies and/or concerning the negotiation and consummation of the Transaction and the transactions contemplated by the Related Agreements.

“HNE Software” has the meaning set forth in Section 5.9(a).

“HNE Subsidiaries” has the meaning set forth in the preamble to this Agreement.

“HNE Tax-Exempt Subsidiary” has the meaning set forth in the preamble to this Agreement.

“HNE Taxable Subsidiaries” has the meaning set forth in the preamble to this Agreement.

“HSR Act” means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

“HSR Filing Fees” means the filing fees payable for the filings made under the HSR Act in connection with the Transaction.

“IBNR Reserve” means the Companies’ reserve for incurred but not reported claims as of the as of immediately prior to the Closing Date as determined in accordance with Agreed Accounting Principles.

“Inactive Employee” means an Employee who, as of immediately prior to the time of the Closing, is on an approved leave of absence.

“Income Tax Return” means any Tax Return with respect to any Income Tax.

“Income Taxes” means any income, franchise, margin, net profits, excess profits or similar Taxes measured on the basis of net income.

“Incremental Post-Closing Medicaid Redeterminations Count” means, if the Medicaid Redeterminations Measurement Date occurs after the Closing Date, (a) the Final Medicaid Redeterminations Count minus (b) the Closing Date Medicaid Redeterminations Count.

“Indebtedness” means, with respect to any Person as of any date and time, without duplication (a) all indebtedness of such Person for borrowed money (including overdrafts as of such time), loans, or advances, whether current, short-term or long-term, secured or unsecured, (b) all indebtedness or amounts owing for the deferred purchase price of properties, assets or securities (including all earn-outs, seller notes, post-closing true-up, “hold back” and similar obligations to the extent payable on their terms) or other amounts payable with respect to the acquisition of any properties, business, assets or securities (whether contingent or otherwise), (c) all obligations evidenced by notes, bonds, debentures, or other similar instruments or debt securities, (d) all indebtedness created or arising under any conditional sale or other title retention agreement, (e) all obligations under capital or finance leases classified as such on the Financial Statements or in accordance with Agreed Accounting Principles (except for obligations under leases of the type classified as “operating leases” in the latest Financial Statements), (f) all reimbursement, payment, or similar obligations, contingent or otherwise, under any banker’s acceptance, letter of credit, bank guarantees or similar facility, to the extent drawn, (g) all obligations under surety bonds and performance bonds, (h) all obligations under any interest rate, currency, or other derivative, hedging, swap, forward Contract or similar instrument or arrangement, (i) (A) the outstanding amount of any severance obligations or Liabilities payable in respect of terminations of employment that occurred on or prior to the date that is five (5) months following the Closing Date including amounts that would not be payable but for the occurrence of the Closing, either alone or upon the occurrence of additional acts or events (such as the Employee’s resignation or other termination of employment) (B) any excise taxes under Section 4960 attributable to payments

made on or prior to the Closing or as a result of a payment described in (A) above that remain unpaid as of the Closing, (C) accrued bonus amounts, retention payments or other incentive payments accrued prior to the Closing Date (regardless of when such amounts are scheduled to be paid, including for the avoidance of doubt, under the New England Executive Retirement Plan or the Health New England Restoration Policy), (D) all earned and unused paid time off of any Employees, and (E) any obligation with regard to any defined benefit plan assessed or asserted by a Governmental Authority against a Company as of the Closing, (j) the employer portion of applicable payroll Taxes payable by each Company in connection with the amounts set forth in the foregoing subclause (i), (k) any declared and unpaid dividends or distributions owed to Baystate Health or any of its Affiliates, (l) any obligation secured by any Lien on any property of each Company, (m) any amounts owed by the Companies for non-eligible rebates received under the 340B Program, and (n) all Liabilities of any other Person described in clauses (a) through (m) above that such Person has, directly or indirectly, guaranteed or assumed, or that is otherwise its legal obligation; provided, however, that to the extent any of the foregoing items are included as a Liability in the calculation of Risk-Based Capital, such items shall be deemed to not constitute Indebtedness; provided, further, that the foregoing items shall exclude any costs or payments associated with the employment, engagement, termination, or separation of the CISO. The amount of such Person's Indebtedness shall include the aggregate principal amount thereof, all accrued and unpaid interest thereon, and any premiums (including make-whole premiums), brokerage costs or penalties, including any prepayment penalties and reimbursements relating thereto.

"Indemnifiable Defined Benefit Liability" means, without duplication, any Liability with regard to the Baystate Health, Inc. Retirement Program, or any other HNE Benefit Plan or Baystate Health Benefit Plan subject to Title IV of ERISA, whether such Liability arises under Chapter 43 of the Code or under ERISA (including Title IV or Part 3 or Part 4 of Title I), reduced by the amount, if any, treated as "Indebtedness" under clause (i)(V) of the definition thereof.

"Indemnifiable NQDC Liability" means, without duplication, any Liability with regard to the Health New England Executive Retirement Plan, the Health New England Restoration Policy or any other nonqualified deferred compensation arrangement of a similar effect, whether such Liability arises under the Internal Revenue Code, ERISA, wage-and-hour law, contractual obligations (including under any existing or future indemnification, gross-up, reimbursement, or settlement agreement), along with any reimbursement paid with regard to such amount by Point32Health or one of its Affiliates (including, after the Closing, the Companies).

"Indemnifiable Taxes" means, without duplication, any Taxes (a) of, imposed on or payable by, or on account of, any of the Companies for a Pre-Closing Tax Period (determined, in the case of a Straddle Period, in accordance with Section 9.1(f)) that remain unpaid by the Closing (including, for the avoidance of doubt, under Section 4960 of the Code, or as a result of a failure to timely file and, if applicable, provide to each required recipient, accurate and complete Forms 1099, 1095-B and personal property Tax Returns for a Pre-Closing Tax Period); (b) which a Company is or becomes liable, including pursuant to Treasury Regulation Section 1.1502-6 or any comparable or similar provision of state, local or non-U.S. Law, as a result of being a member of the same affiliated, consolidated, controlled, affiliated service, joint, unitary, combined or similar

group for purposes of filing Income Tax Returns at any time prior to the Closing Date; (c) of Baystate Health or any other Person (other than the Companies) for which any of the Companies is liable as a successor or transferee to the extent arising from a transaction or event occurring, Contract entered into, or relationship existing prior to the Closing Date; (d) that are Transfer Taxes allocable to Baystate Health pursuant to Section 9.1(j) (unless otherwise already reimbursed pursuant to Section 9.1(j)); or (e) of, imposed on or payable by any of the Companies as a result of HNE having been discharged from any Liabilities under the Baystate Health Surplus Note or any of the Companies having been discharged of any other intercompany Liabilities owed by any of them to Baystate Health at or before the Closing. Indemnifiable Taxes shall not include any interest or penalties for Taxes that (x) were included in Unpaid Pre-Closing Income Taxes or (y) relate to a Pre-Closing Tax Period, in each case to the extent imposed as a direct result of failure by Point32Health, the Companies or any of their Affiliates to timely remit such Taxes to the appropriate taxing authority following the Closing.

“Indemnified Party” means the Person or Persons entitled to indemnification under Article XII.

“Indemnifying Party” means the Person or Persons obligated to provide indemnification under Article XII.

“Individual Risk-Adjustment” means any adjustment to amounts paid or payable to the Companies pursuant to Section 1343 of the Affordable Care Act (P.L. 111-148, as amended) for periods prior to the Closing as a result of a risk adjustment applied to the Companies by CMS pursuant to its risk-adjustment system.

“Ineligible Person” means any Person that (a) is currently excluded, debarred, suspended, or otherwise ineligible to participate in any Government-Sponsored Health Care Program or in federal procurement or non-procurement programs or (b) to Baystate Health’s Knowledge or Companies’ Knowledge, has been convicted of a criminal offense that falls within the ambit of 42 U.S.C. § 1320a-7(a), but has not yet been excluded, debarred, suspended, or otherwise declared ineligible.

“Information Privacy and Security Laws” means (a) all applicable Laws concerning the privacy or security of Personal Information, including HIPAA, the Gramm-Leach-Bliley Act, the Fair Credit Reporting Act, the Fair and Accurate Credit Transaction Act, the Telephone Consumer Protection Act, the Federal Trade Commission Act, the Privacy Act of 1974, the CAN-SPAM Act, the Telemarketing and Consumer Fraud and Abuse Prevention Act, Children’s Online Privacy Protection Act, state data breach notification Laws, state data security Laws, state social security number protection Laws, state consumer protection Laws, state health information Laws, any Health Care Laws pertaining to privacy or data security and any applicable Laws concerning requirements for website and mobile application privacy policies and practices, or any outbound communications (including e-mail marketing, telemarketing and text messaging), tracking and marketing; and (b) PCI DSS.

“Insurance Laws” means Laws regulating the business of insurance, including, without limitation, Laws relating to the licensure, certification, qualification or authority to transact business in connection with the payment for, or arrangement of, health care services, health benefits or health insurance, including, without limitation: (a) Laws that regulate managed care and health insurance Plans, including Medicare Advantage Plans, private payors and other Persons bearing the financial risk for, or providing administrative or other functions in connection with, the provision of, payment for or arrangement of health care services, and (b) Laws relating to health care or insurance fraud, waste or abuse, including the solicitation or acceptance of improper incentives involving Persons operating in the health care industry, patient referrals or Provider incentives generally, including, but not limited to, the following statutes: the Federal Anti-Kickback Statute (42 U.S.C. § 1320a-7b), the Stark Law (42 U.S.C. § 1395nn), the Federal False Claims Act (31 U.S.C. §§ 3729, et seq.), the Federal Civil Monetary Penalties Law (42 U.S.C. § 1320a-7a), the Federal Program Fraud Civil Remedies Act (31 U.S.C. § 3801 et seq.), the Federal Health Care Fraud Law (18 U.S.C. § 1347), the Federal Exclusion Laws (42 U.S.C. § 1320a-7), the criminal false claims statutes (*e.g.*, 18 U.S.C. §§ 287 and 1001), and Laws relating to employee background checks and credentialing of employees.

“Insurance Policies” has the meaning set forth in Section 5.27.

“Intellectual Property” means all intellectual property, and proprietary rights, title, interests and protections, however arising, pursuant to the Laws of any jurisdiction throughout the world, including (a) patents and pending patent applications, including provisionals, continuations, divisionals, continuations-in-part, reissues, or reexaminations thereof (“Patents”), (b) trademarks, service marks, trade names, corporate names, logos, trade dress, and other indicia of source or origin, together with the goodwill exclusively associated with any of the foregoing, and all applications, registrations and renewals thereof (“Trademarks”), (c) internet domain names, social media handles, and social media accounts, (d) copyrights and works of authorship in any medium of expression, whether or not published, all registrations and applications for registration of such copyrights and all issuances, extensions and renewals of such registrations and applications (“Copyrights”), (e) Know-How, (f) Software, (g) rights of publicity and moral rights, and (h) all rights to sue and recover and retain damages, costs and attorneys’ fees for past, present and future infringement and any other rights relating to any of the foregoing.

“Interim Balance Sheet” has the meaning set forth in Section 5.3(a).

“IP Licenses” means any Contract under which (a) Baystate Health or any of its Affiliates (including the Companies) has acquired the right to use any Intellectual Property or HNE IT System that is material to the Business of the Companies; (b) Baystate Health or any of its Affiliates (including the Companies) has granted to any third party a license to use any HNE Intellectual Property; (c) Baystate Health or any of its Affiliates (including the Companies) has granted to any third party an exclusive license to use any Licensed Intellectual Property; (d) Baystate Health or any of its Affiliates (including the Companies) is restricted in any material way from using, registering, or enforcing any HNE Intellectual Property or Licensed Intellectual Property, including co-existence agreements and covenants not to sue; or (e) the Companies

undertake joint development activities or have joint ownership rights with respect to any Intellectual Property, in each case (a)-(e), other than (x) non-exclusive licenses granted to Baystate Health's or any of its Affiliates' (including the Companies') customers in the ordinary course of business and (y) licenses to Baystate Health or any of its Affiliates (including the Companies) for off-the-shelf shrinkwrap, clickwrap, or similar widely available commercial non-custom Software with aggregate annual fees of less than Two Hundred Fifty Thousand Dollars (\$250,000).

“IRS” means the U.S. Internal Revenue Service.

“Key Providers” has the meaning set forth in Section 5.12(a).

“Know-How” means trade secrets, inventions (whether or not patentable), discoveries, improvements, business and technical information, formulae, practices, processes, procedures, ideas, tools, methods, specifications, and other confidential and proprietary information and all rights therein.

“Law” means any directly applicable and binding law, statute, regulation, ordinance, rule, act, code, requirement, rule of law (including common law), opinion or determination letter enacted, promulgated, issued, released, or imposed by any Governmental Authority, as in effect at the relevant time.

“Liability” means, with respect to any Person, any debt, liability, commitment, or obligation of any nature, whether pecuniary or not, asserted or unasserted, accrued or unaccrued, absolute or contingent, matured or unmatured, liquidated or unliquidated, determined or determinable, incurred or consequential, known or unknown, fixed or otherwise, whether due or to become due, and whether or not required under Agreed Accounting Principles, to be accrued on the financial statements of such Person.

“Licensed Business IP” has the meaning set forth in Section 13.2.

“Licensed Intellectual Property” means all Intellectual Property owned by, or purported to be owned by, Baystate Health or any of its Affiliates other than the Companies, that is used in and material to the operation of the Business of the Companies, but excluding, in all cases, any HNE Intellectual Property.

“Lien” means any lien, mortgage, pledge, security interest, deed of trust, hypothecation, imperfection or defect of title, encroachment or other survey defect, lease, license, easement, right-of-way, purchase option, right of first refusal, covenant, condition, restriction, adverse claim, or other encumbrance of any kind.

“Line of Business” means, each of the following (a) the fully insured commercial Plans offered by the Companies (the “Commercial Line of Business”); (b) the Medicare Advantage Plans offered by the Companies (the “Medicare Advantage Plan Line of Business”); and (c) the Medicaid Program Plans offered by the Companies, including through participation in MassHealth

Accountable Care Partnership Plan options such as under the Be Healthy Partnership Agreement (the “Medicaid Program Line of Business”).

“Look-Back Date” means January 1, 2021.

“Losses” means any and all losses, Liabilities, claims, damages, costs, expenses (including reasonable attorneys’, consultants’, experts’, and other professional advisors’ fees and expenses), penalties, judgment amounts, interest, amounts paid in settlement, and other charges, but excluding consequential, punitive, special, incidental, contingent and indirect damages, including business interruption, loss of future revenue, diminution in value, profits or income or loss of business, except to the extent such damages are actually awarded in a final, non-appealable order in connection with any Third-Party Claim; provided, however, notwithstanding the foregoing exclusion and solely for purposes of the definition of “Point32Health Burdensome Condition” under this Agreement, “Losses” shall mean (a) the net present value, calculated using a discount rate equal to eight percent (8%), of the loss of revenues (including future revenues) resulting from the imposition of such burdensome condition and (b) any other losses, Liabilities, claims, damages, costs, expenses (including reasonable attorneys’, consultants’, experts’, and other professional advisors’ fees and expenses), penalties, judgment amounts, interest, amounts paid in settlement, and other charges (but excluding consequential, punitive, special, incidental, contingent and indirect damages, in each case other than as described in (ii) below), that are (i) a direct result of such Point32Health Burdensome Condition or (ii) a reasonably foreseeable result of such Point32Health Burdensome Condition (even if only an indirect or consequential result thereof), including as a result of any restrictions on the withdrawal of Cash from, or the use of Cash by, the Companies.

“MA DOI” means the Massachusetts Division of Insurance.

“MassHealth” means the Medicaid Program established and governed by the applicable provisions of Title XIX of the Social Security Act, the regulations promulgated thereunder and applicable state Laws implementing the Medicaid Program known as Massachusetts Medicaid (MassHealth), all as such Laws may be amended and any substitute or successor provisions thereto.

“Material Adverse Effect” means any event, change, occurrence, circumstance, condition, effect or combination of the foregoing that, individually or in the aggregate with any other events, changes, occurrences, circumstances, conditions, effects or combinations of the foregoing, has had or would reasonably be expected to have a material adverse effect on the Business of the Companies or the assets, Liabilities, financial condition or results of operations of the Companies, in each case, taken as a whole, including the suspension or revocation of the federal tax-exempt status of HNE or the HNE Tax-Exempt Subsidiary under section 501(c)(4) of the Code, excluding in each case any event, change, occurrence, circumstance, condition, effect or combination of the foregoing to the extent resulting from: (a) effects generally affecting the industries or segments thereof in which the Companies operate, including any changes to reimbursement rates or in the methods or procedures for determining such rates and any changes to eligibility requirements or

any other programmatic changes by any Governmental Authority; (b) general business, economic, or political conditions (or changes therein), including those arising from or related to stoppages or shutdowns by any Governmental Authority, epidemics or pandemics (including COVID-19); (c) any outbreak or escalation of hostilities or acts of war, sabotage, terrorist attack, or any other act of terrorism, including cyberterrorism; (d) any hurricane, earthquake, flood or other natural disasters or acts of God; (e) any failure by a Company to meet any (i) public projections, forecasts or estimates or (ii) any internal budgets, plans, projections or forecasts of its revenues, earnings or other financial performance or results of operations (provided, however, that any effect, event, change, occurrence or circumstance that caused or contributed to such failure shall not be excluded under this clause (e)); (f) changes in Law or legally binding interpretation thereof (including any Change in Health Care Law), SAP, GAAP or legally binding interpretation thereof; (g) events attributable to the negotiation, execution, announcement or pendency of this Agreement, any Related Agreement or the Transaction and the transactions contemplated by the Related Agreements (including compliance with the covenants or any action required to be taken by a Company hereunder or taken at the request of Point32Health); and (h) any action required by the express terms of this Agreement or any Related Agreement; provided, however, that any event, change, occurrence, circumstance, condition, effect or combination of the foregoing to the extent resulting from the matters referred to in clauses (a), (b), (c), (d) and (f) above shall be excluded only to the extent such matters do not materially and disproportionately impact the Companies and the Business of the Companies, in each case, taken as a whole, relative to other Persons operating in the same industry in the geographic market in which the Business of the Companies operates.

“Material Contracts” has the meaning set forth in Section 5.11.

“Medicaid Program” means the Medicaid Program established by Title XIX of the Social Security Act and the regulations promulgated thereunder, all as such Laws may be amended and any substitute or successor provisions thereto.

“Medicaid Redeterminations Adjustment Amount” means an amount equal to the Closing Date Medicaid Redeterminations Count *multiplied by* One Thousand Six Hundred and Fifty Dollars (\$1,650).

“Medicaid Redeterminations Escrow Account” means, if the Medicaid Redeterminations Measurement Date occurs after the Closing Date, an account established by the Escrow Agent pursuant to the Escrow Agreement to hold the Medicaid Redeterminations Escrow Amount; otherwise, if the Medicaid Redeterminations Measurement Date occurs on or prior to the Closing Date, there shall not be a Medicaid Redeterminations Escrow Account.

“Medicaid Redeterminations Escrow Amount” means, if the Medicaid Redeterminations Measurement Date occurs after the Closing Date, an amount equal to Five Million Dollars (\$5,000,000); otherwise, if the Medicaid Redeterminations Measurement Date occurs on or prior to the Closing Date, there shall not be a Medicaid Redeterminations Escrow Amount.

“Medicaid Redeterminations File” means the file provided by MassHealth titled “MassHealth managed care eligible members enrolled in an ACO, MCO or PCC Plan.”

“Medicaid Redeterminations Measurement Date” means the date that is the sooner of (a) twelve (12) months following the Closing Date or (b) the release of the final Medicaid Redeterminations File or other mutually-agreed upon MassHealth publication indicating that all Medicaid Program redeterminations for the post-COVID-19 annual Medicaid eligibility redeterminations process have been completed (which, for the avoidance of doubt, may occur prior to the Closing Date).

“Medicare Advantage Plan” means one or more Medicare Advantage coordinated care Plans (*i.e.*, without prescription drug coverage), and Medicare Advantage prescription drug Plans offered under a policy, Contract or Plan authorized under the Medicare Advantage program and approved by CMS.

“Medicare Program” means the Medicare program established under and governed by the applicable provisions of Title XVIII of the Social Security Act, including, but not limited to, the Medicare Advantage program and Medicare cost Plans, and the regulations promulgated thereunder, all as such Laws may be amended and any substitute or successor provisions thereto.

“Medicare Risk-Adjustment” means any adjustment to amounts paid or payable to the Companies pursuant to the Medicare Advantage program for periods prior to the Closing as a result of a risk adjustment applied to the Companies by CMS pursuant to its Medicare Advantage risk-adjustment system.

“Medicare Supplemental Products” means a policy, Contract or Plan that supplements existing Medicare policy, Contract or Plan.

“Membership Count Dispute Notice” has the meaning set forth in Section 3.3(d).

“Multiemployer Plan” has the meaning set forth in Section 3(37) of ERISA.

“OIG” has the meaning set forth in Section 5.19(b).

“Order” means any order, writ, judgment, decree, injunction, stipulation, ruling, settlement, determination, corporate integrity agreement, award or consent order of or with any Governmental Authority.

“Organizational Documents” means the certificate or articles of organization, certificate of formation, bylaws, limited liability company agreement, or other governing documents of an entity, as applicable, in each case as amended.

“Outside Date” has the meaning set forth in Section 11.1(b).

“Party” and “Parties” have the meanings set forth in the preamble to this Agreement.

“Passive Investment” means investments in companies or other vehicles, including private equity or other investment funds, where the investing Person does not take an active role in the management of the business or any specific investment vehicle (or any portfolio company of any

investment vehicle), has no decision making or control rights and holds not more than ten percent (10%) of the aggregate ownership interest in such company or investment vehicle (or any portfolio company of any investment vehicle).

“Patent” has the meaning set forth in the definition of “Intellectual Property”.

“Payor Contracts” means all Contracts between a Company and any Payor and any renewal or replacement of the foregoing Contracts.

“Payors” means any commercial or other third-party payors other than any Company, including Governmental Authorities funding the Medicare Program, MassHealth, and all other Government-Sponsored Health Care Programs and their agents.

“PCI DSS” means the Payment Card Industry Data Security Standard, issued by the Payment Card Industry Security Standards Council, as may be revised from time to time.

“Permit” means any permit, license (including any Regulated Business license), approval, registration, qualification, franchise, certificate, concession, exemption, order or other authorization required to be issued or granted by any Governmental Authority.

“Permitted Liens” means: (a) Liens for or in respect of Taxes or other governmental charges (i) that are not yet due and payable or (ii) the validity or amount of which is being contested in good faith by appropriate Proceedings and for which an appropriate reserve has been established in accordance with Agreed Accounting Principles; (b) workers’, mechanics’, materialmen’s, repairmen’s, suppliers’, carriers’, tenants’, or similar Liens arising in the ordinary course of business or by operation of Law with respect to obligations that are not yet due and payable and for which an appropriate reserve has been established in accordance with Agreed Accounting Principles; (c) Liens arising under worker’s compensation, unemployment insurance, social security, retirement and similar legislation; (d) statutory Liens of lessors, Liens in favor of the lessors under any Real Property Leases and Liens encumbering the interests of the lessors in such real property; (e) any Liens specifically reflected in the Financial Statements; (f) all other Liens on tangible personal property that, individually or in the aggregate, do not materially impair the value of the property subject to such Liens or the use of such property in such Business; and (g) with respect to the membership interests, restrictions on transfer imposed under applicable Laws.

“Person” means any individual, corporation, limited liability company, partnership, limited partnership, joint venture, firm, unincorporated organization, trust, Governmental Authority, or other legal entity.

“Personal Information” means any information that (a) identifies a natural person, including information that alone or in combination with other information held by the Companies can reasonably be used to identify, contact or precisely locate a natural person ; (b) any information that is governed, regulated or defined as “personal information,” “personal data,” “personally identifiable information” or a similar term by one or more Information Privacy and Security Laws, including Protected Health Information; or (c) cardholder data covered by the PCI DSS.

“Plan” means an insurance policy or contract, membership or subscription contract, or other arrangement under which the expenses of health or other services for individuals are paid.

“Point32Health” has the meaning set forth in the preamble to this Agreement.

“Point32Health-Baycare Commercial Contracts” means those Contracts between the applicable Affiliates of Point32Health, as determined by Point32Health, and Baycare Health Partners, Inc. for the provision and payment of health care services with respect to the commercial Plans (including, without limitation, fully insured, administrative services only and third-party administrator arrangements) of the applicable Affiliates of Point32Health.

“Point32Health Burdensome Condition” has the meaning set forth in Section 7.3(e).

“Point32Health Disclosure Schedule” means that certain document identified as the Point32Health Disclosure Schedule delivered by Point32Health to Baystate Health in connection with this Agreement.

“Point32Health Indemnified Person” has the meaning set forth in Section 9.1(c).

“Point32Health Indemnitees” has the meaning set forth in Section 12.2.

“Point32Health’s Knowledge” or any similar expression with regard to the knowledge of such Point32Health means the actual knowledge of or knowledge of information that reasonably should be known upon conducting due and reasonable inquiry, including inquiry with such individual’s direct reports, by Point32Health’s President and Chief Executive Officer, Chief Financial Officer, Chief Information Officer, Chief Medical Officer, Chief Legal Officer, and President, Diversified Businesses.

“Point32Health Returns” has the meaning set forth in Section 9.1(b).

“Post-Closing Audit” has the meaning set forth in Section 7.9(a).

“Post-Closing Medicaid Redeterminations Adjustment Amount” means, if the Medicaid Redeterminations Measurement Date occurs after the Closing Date, an amount equal to the Incremental Post-Closing Medicaid Redeterminations Count *multiplied by* One Thousand Six Hundred and Fifty Dollars (\$1,650).

“Post-Closing Tax Period” means any taxable period that begins on or after the Closing Date and with respect to any Straddle Period, the portion of such Straddle Period beginning on or after the Closing Date.

“PPACA” has the meaning set forth in Section 5.14(d).

“Pre-Closing Contribution” has the meaning set forth in Section 7.13.

“Pre-Closing Contribution Agreement” has the meaning set forth in Section 7.13.

“Pre-Closing Contribution Intellectual Property” has the meaning set forth in the definition of “HNE Intellectual Property”.

“Pre-Closing Tax Period” means any taxable period that ends on or prior to the calendar day immediately prior to the Closing Date and with respect to any Straddle Period, the portion of such Straddle Period ending on the calendar day immediately prior to the Closing Date.

“Prohibited Solicitation” has the meaning set forth in Section 7.5.

“Proceeding” means any claim, action, cause of action, suit (whether in Contract or tort or otherwise), arbitration, alternative dispute resolution, opposition, interference, charge, complaint, demand, notice, proceeding (whether public or private), non-ordinary course audit, Tax audit, hearing, examination, or other litigation (whether civil, criminal, administrative, regulatory investigative, informal or otherwise) by or before any Governmental Authority or arbitrator.

“Proposed Final Post-Closing Balance Sheet” has the meaning set forth in Section 3.2(c).

“Proposed Final Post-Closing Statement” has the meaning set forth in Section 3.2(c).

“Protected Health Information” has the meaning given to such term at 45 C.F.R. § 160.103.

“Provider Contract” means any Contract between a Company, on the one hand, and any Provider or Provider Organization, on the other hand, for the provision and payment of health care services.

“Provider Network” means all Providers that are contracted under a Provider Contract directly, or indirectly through a Provider Organization, with the Companies for the Business of the Companies.

“Provider Organization” means any Person that represents one or more Providers in contracting with a Company for the provision and payment of health care services including, not limited to, physician-hospital organizations, independent practice associations, clinically integrated networks, accountable care organizations, and downstream risk-bearing entities. For purposes of this Agreement, Baycare Health Partners, Inc. and Baystate Health Care Alliance, LLC shall be deemed to be Provider Organizations.

“Providers” means any or all of physician or medical groups, community clinics, specialist physicians, dentists, optometrists, opticians, audiologists, radiologists or radiology centers, laboratories, mental health professionals, chiropractors, physical therapists, hospitals, skilled nursing facilities, extended care facilities, other health care or services professionals or facilities, home health agencies, alcoholism or drug abuse centers and any other specialty, ancillary or allied medical, health or wellness professional or facility, who or which, in the case of any of the foregoing are duly licensed, certified or otherwise qualified.

“Rates” means the rates set forth in any Contract for the provision and payment of health care services with respect to the commercial Plans (including, without limitation, fully insured, administrative services only and third-party administrator arrangements) considered on a category-by-category basis with respect to the following categories, as applicable: inpatient, outpatient, professional, ancillary, physician extenders, behavioral health inpatient, behavioral health outpatient, behavioral health professional, radiology services (for all sites of service), laboratory services (for all sites of services), any and all facility fees, and implant reimbursement.

“Real Property Lease” has the meaning set forth in Section 5.8(b).

“Registered Intellectual Property” has the meaning set forth in Section 5.9.

“Regulated Business” means an entity required to be certified, registered or licensed, as applicable, under the Health Care Laws as an insurance company, health care service plan, health care service contractor, health care services organization, third-party administrator of benefits (including any independent adjuster), preferred provider program administrator, preferred provider network, organized delivery system, utilization review organization, utilization review agent, utilization review company, private review agent, independent review organization, provider of telephone medical advice, or other entity required to be certified, registered or licensed, as applicable, under the Health Care Laws.

“Regulated Company” means each of HNE, HNE Tax-Exempt Subsidiary, HNE Advisory and HNE Insurance Company, Inc.

“Reinsurance Agreements” has the meaning set forth in Section 5.20(c).

“Related Agreement” means any Contract that is to be entered into at the Closing or otherwise pursuant to this Agreement on or prior to the Closing Date, including the Escrow Agreement, the Transition Services Agreement, the Earn-Out Agreement, and the Pre-Closing Contribution Agreement. The Related Agreements executed by a specified Person shall be referred to as “such Person’s Related Agreements,” “its Related Agreements,” or other similar expression.

“Representatives” means with respect to any Person, such Person’s Affiliates and its and their respective directors, officers, managers, employees, agents, attorneys, consultants, representatives, insurance providers, and advisors.

“Required Shared Assets” has the meaning set forth in Section 7.12.

“Restricted Business” means operating any health care insurance or third-party administrator business, including (a) any Medicaid Program Plan, (b) any Medicare Advantage Plan, (c) any health insurer, health maintenance organization, any preferred provider organization or any other managed care organization, or (d) any management services or care management administrative services to any of the businesses listed in the foregoing items (a) through (c), but excluding the businesses of Baycare Health Partners, Inc., Baystate Health Care Alliance, LLC,

Pioneer Valley Accountable Care, LLC, and any Baystate Health Affiliate operating a downstream risk-bearing entity business. “Restricted Business” shall not include the following Baystate Health initiatives: Baystate Health’s and its Affiliates’ existing management services and care management activities for managing risk Contracts.

“Restricted Period” means the five (5)-year period commencing on the Closing Date.

“Retention Period” has the meaning set forth in Section 8.2.

“Risk-Based Capital” means the Companies’ “Total Adjusted Capital” (as defined under 211 Mass Code Regs. 20.01) immediately prior to the Closing Date in accordance with SAP, as reflected in the line items set forth on the Risk-Based Capital Calculation Schedule; provided, however, that Risk-Based Capital shall not include, in each case to the extent included in “Total Adjusted Capital” (as defined under 211 Mass Code Regs. 20.01), Transaction Expenses, CISO Direct Costs, or Taxes.

“Risk-Based Capital Adjustment Amount” means the difference between (a) Risk-Based Capital and (b) the Risk-Based Capital Target.

“Risk-Based Capital Calculation Schedule” means the methodology for the calculation of Risk-Based Capital attached as Attachment 1.1(b) hereto.

“Risk-Based Capital Target” means three hundred percent (300%) of the Authorized Control Level, provided that in each case to the extent included in “Total Adjusted Capital” (as defined under 211 Mass Code Regs. 20.01), Transaction Expenses, CISO Direct Costs, or Taxes shall not be taken into account in determining the Risk-Based Capital Target.

“Sanctions” has the meaning set forth in Section 5.29.

“SAP” means the Statutory Accounting Principles set forth by the National Association of Insurance Commissioners.

“Securities Act” means the Securities Act of 1933.

“Software” means: (a) computer programs, including software implementation of algorithms, models and methodologies, whether in source-code, object-code, human readable or other form, including firmware, operating systems, application programming interfaces, mobile digital applications and specifications, (b) data files, databases and database collections; and (c) firmware and development tools.

“State Regulatory Filings” has the meaning set forth in Section 5.20(f).

“Straddle Period” means any taxable period that includes (but does not end on) the calendar day immediately prior to the Closing Date.

“Subsidiary” of any Person means (a) any corporation, limited liability company, joint venture, trust, or other legal entity, an amount of the voting interests of which is sufficient to elect at least a majority of the board of directors, board of managers, or other governing body of such corporation, limited liability company, joint venture, trust, or other legal entity is owned or controlled, directly or indirectly, by such Person or one or more other Subsidiaries of such Person or a combination thereof or (b) any partnership of which such Person or another Subsidiary of such Person is the general partner.

“Survival Period” has the meaning set forth in Section 12.1.

“Tax” or “Taxes” means all U.S. federal, state, local or non-U.S. taxes and similar charges, fees, duties, levies, or other assessments in the nature of taxes (including income, gross receipts, net proceeds, ad valorem, withholding, turnover, real or personal property (tangible and intangible), premium, capital, net worth, license, occupation, customs, import and export, sales, use, franchise, excise, goods and services, value added, stamp, user, transfer, registration, recording, fuel, profit, excess profits, occupational, environmental, capital stock, alternative or add on minimum, windfall profits, severance, payroll, employment, unemployment, and social security) that are imposed by any Governmental Authority, in each case including any interest, penalties, fines, or additions to tax attributable thereto (or attributable to the nonpayment thereof), in each case, whether disputed or not.

“Tax Claim” has the meaning set forth in Section 9.1(h).

“Tax Refund” has the meaning set forth in Section 9.1(g).

“Tax Return” means any report, declaration, election, return (including any information return), disclosure, form, claim for refund or other information or filing related to Taxes (including estimated Taxes) filed with or required to be filed with a Governmental Authority in connection with the determination, assessment or collection of any Taxes (including any attached schedules, statements and exhibits), and any amendment or supplement thereto.

“Territory” means the Commonwealth of Massachusetts and the State of Connecticut.

“Third-Party Claim” has the meaning set forth in Section 12.5(a).

“Total Consideration” has the meaning set forth in Section 3.1.

“Trademarks” has the meaning set forth in the definition of “Intellectual Property”.

“Transaction” has the meaning set forth in Section 2.1.

“Transaction Expenses” means, without duplication, each of the following, to the extent incurred or to be incurred or subject to reimbursement by any of the Companies, whether accrued for or not, in each case in connection with the Transactions contemplated by this Agreement and not paid prior to the Closing: (a) all fees, costs, commission, and expenses incurred or payable by

each Company in connection with this Agreement and the Transaction, including all fees and expenses of any investment bankers, financial advisors, attorneys, accountants, consultants, experts, brokers, finders, advisors, service providers or other professionals engaged by such Company in connection with the preparation, negotiation, execution and delivery of this Agreement and the Transaction, and (b) all transaction bonuses, discretionary bonus, severance, retention payments, change-of-control payments, benefits, bonuses and other amounts payable to any current or former Employee, director, officer, individual contractor or other service provider of each Company or other Person as a result of the execution of this Agreement or the transactions contemplated by the Related Agreements, along with the employer's share of any employment Taxes related thereto (including social security, Medicare, unemployment or other similar Taxes or similar obligations whether or not deferred or deferrable or credited or creditable under the CARES Act), excluding the CISO Direct Costs.

"Transaction Tax Deductions" means without duplication, any Income Tax deductions associated with payments made or accrued on or prior to the Closing Date with respect to (a) the Transaction Expenses and (b) any other expenses or amounts that are paid by or on behalf of the Companies in connection with the Transaction to the extent such expenses or amounts reduce the Total Consideration. For purposes of the foregoing, the Parties agree that an amount equal to seventy percent (70%) of any "success-based fees" paid by the Companies in connection with the Transaction shall be deductible in accordance with the safe-harbor election under Rev. Proc. 2011-29.

"Transfer Taxes" has the meaning set forth in Section 9.1(j).

"Transition Services Agreement" means the Transition Services Agreement substantially in the form attached hereto as Exhibit C.

"Union" means any labor union, trade union or other employee representative body.

"Unpaid Pre-Closing Income Taxes" means all unpaid Income Tax liabilities of each of the Companies for a Pre-Closing Tax Period whether or not yet accrued or due and payable (determined, in the case of a Straddle Period, in accordance with Section 9.1(e)), provided that, (a) such liability for Income Tax shall be determined as of the end of the calendar day immediately prior to the Closing Date as if the taxable year of each of the Companies ends as of the calendar day immediate prior to the Closing Date, (b) such liability for Income Tax shall not be an amount less than zero (\$0), (c) estimated (or other prepaid) Income Tax payments and any overpayments of Income Taxes shall be taken into account with respect to a Pre-Closing Tax Period that, in each case, (i) were made prior to Closing and (ii) are permitted to be applied against, and actually reduce, the Income Tax liabilities for the applicable jurisdictions and Tax periods under applicable Law, (d) Transaction Tax Deductions shall be taken into account in a manner consistent with Section 9.1(e), (e) such liability for Income Tax shall be determined consistent with the past practice of the Companies, (f) any liability for Income Taxes shall be determined by taking into account any income attributable to deferred revenue to the extent the Income Tax liability attributable to such deferred revenue (or other deferred amounts) will be required to be paid by

Point32Health, any of the Companies or their Affiliates on or after the Closing Date and (g) such liability for Income Tax shall be separately calculated for each applicable jurisdiction and each applicable Tax period (or portion thereof) with the applicable amount of Tax liabilities for each jurisdiction not being an amount less than zero (\$0); provided that, (x) such liability for Income Tax shall not include any Taxes that are a direct result of any action by Point32Health on the Closing Date (other than in a manner consistent with Section 9.1) or Point32Health's failure to comply with its obligations under this Agreement, (y) such liability for Income Tax shall not include any Taxes resulting from any Tax election made by Point32Health for the Companies after the Closing that is effective on or before the date prior to the Closing Date and (z) such liability for Income Tax shall take into account any net operating losses, non-capital losses, Tax credits, Tax amortization, and other, similar Tax assets, deductions, or offsets of the Companies that (i) are in existence at the time of Closing and (ii) are permitted to be applied against, and actually reduce, the Income Tax liabilities under applicable Law, including by currently taking into account such items for purposes of offsetting the amount of any Income Tax liability described in clause (f) of this definition of Unpaid Pre-Closing Income Taxes.

“Unregulated Company” means any Company that is not a Regulated Company.

“WARN Act” means the Worker Adjustment and Retraining Notification Act of 1988, as amended, or any similar foreign, state or local Law.

“Willful Breach” means the taking of an action, or failure to take an action, that constitutes or causes a material breach of any covenant or Agreement made by a Party in this Agreement, with the actual knowledge that the taking of such action or failure to take such action would constitute or cause a material breach of this Agreement.

Section 1.2 Other Definitional Provisions and Interpretation; Schedules. The headings preceding the text of Articles and Sections included in this Agreement and the headings to any Exhibits, Schedules, and Attachments attached to this Agreement are for convenience only and shall not be deemed part of this Agreement or be given any effect in interpreting this Agreement. The use of the masculine, feminine, or neuter gender or the singular or plural form of words in this Agreement shall not limit any provision of this Agreement. The meaning assigned to each term defined in this Agreement shall be equally applicable to both the singular and the plural forms of such term. The use of “including” or “include” will in all cases mean “including, without limitation” or “include, without limitation,” respectively. The use of “or” is not intended to be exclusive unless expressly indicated otherwise. Reference to any Person includes such Person's successors and assigns to the extent such successors and assigns are permitted by the terms of any applicable Contract, and reference to a Person acting in a particular capacity as director or officer of the Companies is specific to such Person acting in such capacity and excludes such Person in his or her capacity as a director or officer of any other entity. Reference to any Contract (including this Agreement), document, or instrument shall mean such Contract, document, or instrument as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms of this Agreement. Reference to any statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated

thereunder. Underlined references to Articles, Sections, clauses, Exhibits, Schedules, or Attachments shall refer to those portions of this Agreement. The use of the terms “hereunder,” “hereof,” “hereto,” and words of similar import shall refer to this Agreement as a whole and not to any particular Article, Section, paragraph, or clause of, or Exhibit or Schedule to, this Agreement. All terms defined in this Agreement have the defined meanings when used in any certificate or other document made or delivered pursuant to this Agreement, unless otherwise defined in such certificate or other document. If any provision of this Agreement requires a Party to obtain the Consent of another Party, such Consent may be withheld or conditioned in the requested Party’s sole and absolute discretion unless otherwise expressly provided herein. Any information disclosed in any Schedule, including in the Baystate Health Disclosure Schedule, Company Disclosure Schedule, or Point32Health Disclosure Schedule, shall be deemed to be disclosed for purposes of any other Schedule (or, in the case of the Baystate Health Disclosure Schedule, Company Disclosure Schedule, or Point32Health Disclosure Schedule, in any Section thereof) to which such disclosure is relevant, but only to the extent that it is readily apparent from the face of such disclosure that such disclosure is relevant to such other Schedule (or Section). Reference to a document being “made available” shall mean such document was provided to Point32Health or its Representatives via electronic email, or a copy of such document was posted (and made available) in either of the electronic data rooms maintained by Datasite on behalf of Baystate Health and the Companies under the titles “Project Mulberry” as of 11:59 p.m. as of the date that is two (2) calendar days prior to the date of this Agreement.

ARTICLE II

TRANSACTION; CLOSING

Section 2.1 Transaction.

(a) The Transaction will be facilitated by Baystate Health and Point32Health taking all corporate actions as may be necessary to establish Point32Health as the sole corporate member of HNE as of the Effective Time. Subject to the terms and conditions of this Agreement, effective as of the Effective Time, Baystate Health shall (i) transfer, convey and deliver to Point32Health all membership rights, title and interest in and to HNE such that Point32Health will become the sole member of HNE, and (ii) transfer and convey to Point32Health all such rights, title and interest of or relating to the Companies, as may be necessary, to transfer, convey and deliver to Point32Health direct or indirect control over the Companies (collectively, the “Transaction”). HNE will become a wholly controlled Subsidiary of Point32Health as of the Effective Time.

(b) The Companies agree to take such actions as shall be necessary to amend the articles of organization and bylaws of the Companies as of the Effective Time (i) to reflect that Point32Health will be the sole member of HNE, and (ii) to include the joint initiatory powers to be held by Point32Health, including, but not limited to, the right to amend the articles of organization and bylaws of the Companies, and the right to appoint and remove the board of directors of HNE (the “HNE Board”), after the Effective Time. The articles of organization and

the bylaws of the Companies as of the Effective Time will be agreed upon and finalized prior to the Closing.

(c) Effective as of the Closing Date and in accordance with the bylaws of HNE, the members of the HNE Board shall be replaced with individuals identified by Point32Health.

Section 2.2 Closing. The consummation of the Transaction (the “Closing”) shall take place remotely via the exchange of documents on the first Business Day of the month following the day on which each of the conditions set forth in Article X has been satisfied or, if permitted, waived by the Party entitled to the benefits of such condition (other than any conditions that by their nature can only be satisfied on the Closing Date, but subject to the satisfaction of such conditions on the Closing Date or waiver by the Party entitled to the benefits of such conditions), or at such other place and at such other time as Point32Health and Baystate Health may agree. The date on which the Closing occurs is referred to in this Agreement as the “Closing Date”. If the Closing occurs on a day other than the first calendar day of a month, the Closing shall be deemed to have occurred and to be effective as of 12:01 a.m. on the first calendar day of the month during which the Closing otherwise would occur pursuant to the first sentence of this Section 2.2 (the “Effective Time”).

Section 2.3 Deliveries by Point32Health. At or prior to the Closing, upon the terms and subject to the conditions set forth in this Agreement, Point32Health shall deliver, or cause to be delivered, each of the following:

(a) to Baystate Health, an aggregate amount in cash equal to the Estimated Total Consideration (calculated as provided in Section 3.2(b)) minus the sum of (i) the Cash Escrow Amount and (ii) the Medicaid Redeterminations Escrow Amount, by wire transfer of immediately available funds to the account Baystate Health designates in writing to Point32Health at least two (2) Business Days prior to the Closing Date;

(b) to the Escrow Agent, by wire transfer of immediately available funds, the Cash Escrow Amount and, if applicable, the Medicaid Redeterminations Adjustment Amount;

(c) to Baystate Health, each Related Agreement to which Point32Health is a party, executed by Point32Health;

(d) to Baystate Health, a certificate, dated as of the Closing Date and executed by an officer of Point32Health, certifying as to the satisfaction of the conditions set forth in Section 10.2(c) and Section 10.2(d);

(e) to Baystate Health, a certificate, dated as of the Closing Date and executed by the secretary of Point32Health, certifying as to (i) the resolutions approved by the board of directors of Point32Health authorizing the execution, delivery, and performance by Point32Health of this Agreement and its Related Agreements and the consummation by Point32Health of the Transaction and the transactions contemplated by the Related Agreements and (ii) the names of the officers of Point32Health authorized to execute this Agreement, its Related Agreements, and

the other documents to be delivered by Point32Health under this Agreement and its Related Agreements;

(f) to Baystate Health, such other documents, certificates, or instruments as may reasonably be required in order to effect the Transaction and the transactions contemplated by the Related Agreements; and

(g) to Baystate Health, all Consents set forth on Section 6.2(b) of the Point32Health Disclosure Schedule.

Section 2.4 Deliveries by Baystate Health. At or prior to the Closing, upon the terms and subject to the conditions set forth in this Agreement, Baystate Health shall deliver, or cause to be delivered, to Point32Health each of the following:

(a) copies of the amended Organizational Documents of the Companies;

(b) each Related Agreement to which Baystate Health (or its Affiliates), or any of the Companies is a party, executed by Baystate Health (or its Affiliates), or the Companies, as applicable;

(c) a duly executed and properly completed IRS Form W-9 of Baystate Health certifying that it is not subject to U.S. federal backup withholding;

(d) a certificate, dated as of the Closing Date and executed by the secretary (or similar officer) of Baystate Health, certifying as to (i) the resolutions approved by the board of trustees of Baystate Health authorizing the execution, delivery, and performance by Baystate Health and of the Companies of this Agreement and the Related Agreements, as applicable, and the consummation by Baystate Health and the Companies of the Transaction and the transactions contemplated by the Related Agreements and (ii) the names of the officers of Baystate Health and Companies authorized to execute this Agreement, the Related Agreements, and the other documents to be delivered by Baystate Health and the Companies under this Agreement and the Related Agreements;

(e) a certificate, dated as of the Closing Date and executed by an officer of Baystate Health, certifying as to the satisfaction of the conditions set forth in Section 10.1(c) and Section 10.1(d), as such conditions relate to Baystate Health and the Companies;

(f) documentation in a form reasonably satisfactory to Point32Health demonstrating that HNE has been fully discharged from all Liabilities under the Baystate Health Surplus Note, along with any other intercompany Liabilities owed by the Companies to Baystate Health, as of the Closing Date;

(g) such other documents, certificates, or instruments as Point32Health may reasonably request in order to effect the Transaction and the transactions contemplated by the Related Agreements; and

(h) all Consents set forth on Section 4.3(a) of the Baystate Health Disclosure Schedule and Section 5.2(a) of the Company Disclosure Schedule.

ARTICLE III

CONSIDERATION; ADJUSTMENT

Section 3.1 Consideration.

(a) The aggregate consideration to be paid by Point32Health in connection with the Transaction (the "Total Consideration") shall be an amount in cash equal to:

- (i) One Hundred Sixty-Five Million Dollars (\$165,000,000) (the "Closing Consideration");
- (ii) *less* the amount of any Transaction Expenses not otherwise paid prior to the Closing Date;
- (iii) *plus* the Risk-Based Capital Adjustment Amount (if Risk-Based Capital is greater than the Risk-Based Capital Target);

or

less the Risk-Based Capital Adjustment Amount (if Risk-Based Capital is less than the Risk-Based Capital Target);

- (iv) *plus* the Closing Membership Count Adjustment by Line of Business (if Closing Membership Count is greater than the Base Membership Count);

or

less the Closing Membership Count Adjustment by Line of Business (if Closing Membership Count is less than the Base Membership Count);

- (v) *less* the Medicaid Redeterminations Adjustment Amount, if any;
- (vi) *less* the Post-Closing Medicaid Redeterminations Adjustment Amount, if any;
- (vii) *less* Unpaid Pre-Closing Income Taxes;
- (viii) *plus*, as applicable, the Earn-Out Consideration pursuant to Section 3.6;

- (ix) *less* any Company Indebtedness; and
- (x) *plus* the CISO Direct Costs.

(b) The Total Consideration shall be subject to adjustment in accordance with Sections 3.2, 3.3, 3.4 and 3.6; Article XII; and the terms and conditions of the Escrow Agreement.

Section 3.2 Total Consideration Adjustments.

(a) Estimated Closing Balance Sheet and Estimated Closing Statement.

(i) Baystate Health shall prepare in good faith and shall provide to the Point32Health no later than fifteen (15) Business Days prior to the Closing Date an estimated consolidated balance sheet of the Companies as of the immediately prior to the Closing Date (as the same may be adjusted in response to any comments of the Point32Health and its Representatives provided prior to the Closing, the “Estimated Closing Balance Sheet”), together with a written statement setting forth in reasonable detail its good faith estimate of (i) the Risk-Based Capital and Risk-Based Capital Adjustment Amount, as derived from the Estimated Closing Balance Sheet, (ii) the Transaction Expenses, as may be adjusted in response to any comments of the Point32Health and its Representatives provided prior to the Closing, (iii) the Closing Membership Count Adjustment, (iv) Unpaid Pre-Closing Income Taxes, (v) the Medicaid Redeterminations Adjustment Amount, (vi) the Company Indebtedness, if any, and (vii) the CISO Direct Costs (collectively, the “Estimated Closing Statement”).

(ii) The Estimated Closing Balance Sheet will be prepared in accordance with SAP, and without giving effect to any changes resulting from the consummation of the Transaction; provided, however, that the calculation of the Risk-Based Capital and Risk-Based Capital Adjustment will use an Authorized Control Level calculated as of the last day of the calendar month immediately prior to the date on which the Estimated Closing Balance Sheet is delivered to Point32Health.

(iii) Following the delivery of the Estimated Closing Balance Sheet and the Estimated Closing Statement, Baystate Health shall provide Point32Health and its Representatives reasonable access to the work papers and other books and records of the Companies for purposes of assisting Point32Health and its Representatives in their review of the Estimated Closing Balance Sheet and the Estimated Closing Statement. Prior to Closing, Baystate Health and the Companies shall cooperate in good faith to answer any questions raised by Point32Health and its Representatives in connection with their review of the Estimated Closing Balance Sheet and the Estimated Closing Statement.

(b) Estimated Total Consideration. The Total Consideration payable at Closing under Section 2.3(a) (the “Estimated Total Consideration”) shall be calculated using the estimated Risk-Based Capital and Risk-Based Capital Adjustment Amount, estimated Transaction Expenses, estimated Closing Membership Count Adjustment, estimated Unpaid Pre-Closing Income Taxes,

estimated Medicaid Redeterminations Adjustment Amount, estimated Company Indebtedness, and estimated CISO Direct Costs all as set forth on the Estimated Closing Statement.

(c) Proposed Final Post-Closing Balance Sheet and Proposed Final Post-Closing Statement.

(i) No later than ninety (90) calendar days after the date that is fifteen (15) months after the Closing Date, Point32Health shall, at its expense, have commenced and completed an audit by a nationally recognized independent accounting firm of the consolidated balance sheet of the Companies, including calculation of the Authorized Control Level, as of the Closing Date (the “Proposed Final Post-Closing Balance Sheet”), and shall provide to Baystate Health and its Representatives the results of such audit together with a written statement setting forth in reasonable detail its proposed final determinations of the Risk-Based Capital and Risk-Based Capital Adjustment Amount, the Transaction Expenses, Unpaid Pre-Closing Income Taxes, Company Indebtedness, and CISO Direct Costs (the “Proposed Final Post-Closing Statement”).

(ii) The Proposed Final Post-Closing Balance Sheet and the determination of the Risk-Based Capital and Risk-Based Capital Adjustment Amount reflected on the Proposed Final Post-Closing Statement will be prepared in accordance with SAP; provided, however, that the calculation of the Risk-Based Capital and Risk-Based Capital Adjustment Amount will (i) with respect to IBNR Reserves, reflect the updating of the IBNR Reserves based on actual reserve developments and medical claims experience as a result of the receipt, settlement, and payment of pre-Closing medical claims that occur during the fifteen (15)-month period after the Closing Date, (ii) with respect to the Medicare Risk-Adjustment and Individual Risk-Adjustment, reflect the actual risk adjustment as determined by CMS for pre-Closing claims or, if not available, the best and most recent estimate reported by CMS to the Companies as of the expiration of fifteen (15) months following the Closing Date, and (iii) use an Authorized Control Level calculated as of the last day of the calendar month immediately prior to the Closing Date (which, for the avoidance of doubt, may be the Closing Date if the Closing Date falls on the last day of a calendar month); provided, further, that the Risk-Based Capital and Risk-Based Capital Adjustment Amount shall otherwise be determined as of the Closing Date based only upon developments and claims occurring prior to the Closing Date.

(iii) Following the delivery of the Proposed Final Post-Closing Balance Sheet and the Proposed Final Post-Closing Statement, Point32Health shall provide Baystate Health and its Representatives reasonable access to the work papers and other books and records of the Companies for purposes of assisting Baystate Health and its Representatives in their review of the Proposed Final Post-Closing Balance Sheet and the Proposed Final Post-Closing Statement. Following the Closing, Point32Health and the Companies shall cooperate in good faith to answer any questions raised by Baystate Health and its Representatives in connection with their review of the Proposed Final Post-Closing Balance Sheet and the Proposed Final Post-Closing Statement.

(iv) Point32Health shall deliver to Baystate Health and its Representatives a final report within thirty (30) calendar days of the fifteen (15)-month anniversary

of the Closing Date showing in reasonable detail the actual IBNR Reserves development and claims experience for the entire period, the Medicare Risk-Adjustment, and the Individual Risk-Adjustment.

(d) Dispute Notice. The Proposed Final Post-Closing Balance Sheet and the Proposed Final Post-Closing Statement (and the proposed final determinations of the Risk-Based Capital and Risk-Based Capital Adjustment Amount, Transaction Expenses, Unpaid Pre-Closing Income Taxes, Company Indebtedness, and CISO Direct Costs reflected thereon) will be final, conclusive and binding on the Parties unless Baystate Health or its Representative provides a written notice (a “Dispute Notice”) to Point32Health no later than the forty-fifth (45th) calendar day after the delivery to Baystate Health or its Representative of the Proposed Final Post-Closing Balance Sheet and the Proposed Final Post-Closing Statement. Any Dispute Notice must set forth in reasonable detail (i) any item on the Proposed Final Post-Closing Balance Sheet or the Proposed Final Post-Closing Statement which Baystate Health or its Representative believes has not been prepared in accordance with this Agreement and the correct amount of such item and (ii) Baystate Health or its Representative’s alternative calculation of the Risk-Based Capital and Risk-Based Capital Adjustment Amount, Transaction Expenses, Unpaid Pre-Closing Income Taxes, Company Indebtedness, or CISO Direct Costs, as the case may be. Any item or amount to which no dispute is raised in the Dispute Notice will be final, conclusive, and binding on the Parties on such forty-fifth (45th) calendar day. Any Dispute Notice must specify, with reasonable particularity, all facts that form the basis of such disagreements and all statements by Persons (who shall be identified by name) and documents relied upon by Baystate Health or its Representative as forming the basis of such disagreement. For the avoidance of doubt, nothing in this Section 3.2(d) shall affect the determination of Unpaid Pre-Closing Income Taxes shown as due and payable on any Company Return or Point32Health Return, which shall be governed by Section 9.1.

(e) Resolution of Disputes. Point32Health and Baystate Health will attempt to promptly resolve the matters raised in any Dispute Notice in good faith. Beginning ten (10) Business Days after delivery of any Dispute Notice pursuant to Section 2.3(d), either Point32Health or Baystate Health may provide written notice to the other Party (the “Dispute Submission Notice”) that it elects to submit the disputed items to a nationally recognized independent accounting firm chosen jointly by the Parties (the “Accounting Firm”). In the event that an Accounting Firm has not been selected by mutual agreement of the Parties’ Representatives within ten (10) Business Days following the giving of the Dispute Submission Notice, each of the Parties’ Representatives shall promptly select an accounting firm and promptly cause such two accounting firms to mutually select a third independent accounting firm to act as the Accounting Firm within twenty (20) Business Days of the giving of the Dispute Submission Notice. The Accounting Firm will promptly, in accordance with the Commercial Arbitration Rules of the American Arbitration Association, review only those unresolved items and amounts specifically set forth and objected to in the Dispute Notice and resolve the dispute with respect to each such specific unresolved item and amount in accordance with this Agreement. In any such case, a single partner of the Accounting Firm selected by such Accounting Firm in accordance with its normal procedures and having expertise with respect to settlement of such disputes shall act for the Accounting Firm in the determination proceeding, and the Accounting Firm shall render a written

decision as to each disputed matter, including a statement in reasonable detail of the basis for its decision. The decision of the Accounting Firm with respect to the disputed items of the Proposed Final Post-Closing Balance Sheet and the Proposed Final Post-Closing Statement submitted to it will be final, conclusive, and binding on the Parties. As used herein, the Proposed Final Post-Closing Balance Sheet and the Proposed Final Post-Closing Statement, as adjusted to reflect any changes agreed to by the Parties and the decision of the Accounting Firm, in each case, pursuant to this Section 3.2(e) are referred to herein as the “Final Closing Balance Sheet” and the “Final Closing Statement”, respectively. Each of the Parties to this Agreement agrees to use its commercially reasonable efforts to cooperate with the Accounting Firm (including by executing a customary engagement letter reasonably acceptable to it) and to cause the Accounting Firm to resolve any such dispute as soon as practicable after the commencement of the Accounting Firm’s engagement.

(f) Payment of Total Consideration Adjustment. If any of the Risk-Based Capital and Risk-Based Capital Adjustment Amount, Transaction Expenses, Unpaid Pre-Closing Income Taxes, Company Indebtedness, or CISO Direct Costs (as finally determined pursuant to this Section 3.2 and as set forth in the Final Closing Balance Sheet and Final Closing Statement) differs from the estimated amount thereof set forth in the Estimated Closing Statement, the Total Consideration shall be recalculated using final amounts in lieu of such estimated figures, and (i) Point32Health shall pay Baystate Health by wire transfer of immediately available funds the amount, if any, by which such recalculated final Total Consideration due at Closing exceeds the Estimated Total Consideration paid at Closing in accordance with Section 2.3(a) and Section 3.2(b); or (ii) with respect to the amount, if any, by which the Estimated Total Consideration paid at Closing in accordance with Section 2.3(a) and Section 3.2(b) exceeds such recalculated final Total Consideration due at Closing, Baystate Health shall pay the amount of such excess to Point32Health, at the option of Point32Health, either (A) from the Cash Escrow Account, after taking into account any amounts owed to Point32Health under Section 12.6, in accordance with the Escrow Agreement, or (B) directly from Baystate Health by wire transfer of immediately available funds.

(g) Payments; Interest. Any payment due pursuant to Section 3.2(f), Section 3.3(b), Section 3.3(c), Section 3.4(b), or Section 3.4(c) shall be made within five (5) calendar days after the final amount thereof has been determined in accordance with this Section 3.2 and shall bear interest from and including the Closing Date to but excluding the date of payment at a rate per annum equal to the prime rate as published in *The Wall Street Journal*, Eastern Edition, in effect from time to time during the period from the Closing Date to the date of payment. Such interest shall be payable at the same time as the payment to which it relates and shall be calculated on the basis of a year of three hundred sixty five (365) days and the actual number of days elapsed.

Section 3.3 Closing Membership Count Adjustment and Medicaid Redeterminations Adjustment Amount True-Up.

(a) Within sixty (60) days following the Closing Date, Point32Health shall prepare in good faith and provide a written statement setting forth in reasonable detail its proposed

final determinations of the Closing Membership Count by Line of Business and Closing Membership Count Adjustment by Line of Business and, if the Medicaid Redeterminations Measurement Date occurs on or prior to the Closing Date, the Closing Date Medicaid Redeterminations Count and the Medicaid Redeterminations Adjustment Amount (the “Final Post-Closing Membership Count Adjustments”). Following the delivery of the Final Post-Closing Membership Count Adjustments, Point32Health shall provide Baystate Health and its Representatives reasonable access to the work papers and other books and records of the Companies for purposes of assisting Baystate Health and its Representatives in their review of the Final Post-Closing Membership Count Adjustment. Point32Health shall cooperate in good faith to answer any questions raised by Baystate Health and its Representatives in connection with their review of Final Post-Closing Membership Count Adjustments.

(b) If any of the Closing Membership Counts by Line of Business in the Final Post-Closing Membership Count Adjustments is greater than the Closing Membership Counts by Line of Business in the Estimated Closing Statement, then Point32Health shall pay to Baystate Health the difference in the applicable Closing Membership Count Adjustments by Line of Business in the Final Post-Closing Membership Count Adjustments to the applicable Closing Membership Count Adjustments by Line of Business in the Estimated Closing Statement by wire transfer of immediately available funds in accordance with the procedures set forth in Section 3.2(g). If any of the Closing Membership Counts by Line of Business in the Final Post-Closing Membership Count Adjustments is less than the Closing Membership Counts by Line of Business in the Estimated Closing Statement, then Baystate Health shall pay to Point32Health the absolute value of the difference in the applicable Closing Membership Count Adjustments by Line of Business in the Final Post-Closing Membership Count Adjustments to the applicable Closing Membership Count Adjustments by Line of Business in the Estimated Closing Statement (i) first, from the Cash Escrow Account, after taking into account any amounts owed to Point32Health under Section 12.6, in accordance with the Escrow Agreement and (ii) second, to the extent that the Cash Escrow Account has been depleted, directly from Baystate Health by wire transfer of immediately available funds in accordance with the procedures set forth in Section 3.2(g).

(c) If the Closing Date Medicaid Redeterminations Count in the Final Post-Closing Membership Count Adjustments is greater than the Closing Date Medicaid Redeterminations Count in the Estimated Closing Statement, then Baystate Health shall pay to Point32Health the difference in the Medicaid Redeterminations Adjustment Amount in the Final Post-Closing Membership Count Adjustments to the Medicaid Redeterminations Adjustment Amount in the Estimated Closing Statement (i) first, from the Cash Escrow Account, after taking into account any amounts owed to Point32Health under Section 12.6, in accordance with the Escrow Agreement and (ii) second, to the extent that the Cash Escrow Account has been depleted, directly from Baystate Health by wire transfer of immediately available funds in accordance with the procedures set forth in Section 3.2(g). If the Closing Date Medicaid Redeterminations Count in the Final Post-Closing Membership Count Adjustments is less than the Closing Date Medicaid Redeterminations Count in the Estimated Closing Statement, then Point32Health shall pay to Baystate Health the absolute value of the difference in the Medicaid Redeterminations Adjustment Amount in the Final Post-Closing Membership Count Adjustments to the Medicaid

Redeterminations Adjustment Amount in the Estimated Closing Statement by wire transfer of immediately available funds in accordance with the procedures set forth in Section 3.2(g).

(d) The Final Post-Closing Membership Count Adjustments will be final, conclusive and binding on the Parties unless Baystate Health or its Representative provides a dispute note (the “Membership Count Dispute Notice”) to Point32Health no later than the forty-fifth (45th) calendar day after the delivery to Baystate Health or its Representative of the Final Post-Closing Membership Count Adjustments. Any Membership Count Dispute Notice must set forth in reasonable detail (i) any item on the Final Post-Closing Membership Count Adjustments to which Baystate Health or its Representative believes has not been prepared in accordance with this Agreement and the correct amount of such item and (ii) Baystate Health or its Representative’s alternative calculation of the applicable Final Post-Closing Membership Count Adjustment, as the case may be. Any item or amount to which no dispute is raised in the Membership Count Dispute Notice will be final, conclusive, and binding on the Parties on such forty-fifth (45th) calendar day. Any Membership Count Dispute Notice must specify, with reasonable particularity, all facts that form the basis of such disagreements and all statements by Persons (who shall be identified by name) and documents relied upon by Baystate Health or its Representative as forming the basis of such disagreement. Point32Health and Baystate Health will attempt to promptly resolve the matters raised in any Membership Count Dispute Notice in accordance with the procedures set forth in Section 3.2(e).

Section 3.4 Post-Closing Medicaid Redeterminations Adjustment.

(a) If the Medicaid Redeterminations Measurement Date occurs following the Closing Date, Point32Health shall prepare in good faith and provide the Incremental Post-Closing Medicaid Redeterminations Count and Post-Closing Medicaid Redeterminations Adjustment Amount within thirty (30) calendar days following the Medicaid Redeterminations Measurement Date. Following the delivery of the Incremental Post-Closing Medicaid Redeterminations Count and Post-Closing Medicaid Redeterminations Adjustment Amount, Point32Health shall provide Baystate Health and its Representatives reasonable access to the work papers and other books and records of the Companies for purposes of assisting Baystate Health and its Representatives in their review of the Incremental Post-Closing Medicaid Redeterminations Count and Post-Closing Medicaid Redeterminations Adjustment Amount. Point32Health shall cooperate in good faith to answer any questions and resolve any issues raised by Baystate Health and its Representatives in connection with their review of Incremental Post-Closing Medicaid Redeterminations Count and Post-Closing Medicaid Redeterminations Adjustment Amount.

(b) If the Incremental Post-Closing Medicaid Redeterminations Count is greater than zero, then Baystate Health shall pay the Post-Closing Medicaid Redeterminations Adjustment Amount to Point32Health (i) first, from the Medicaid Redeterminations Escrow Account in accordance with the Escrow Agreement, and (ii) second, to the extent that the Medicaid Redeterminations Escrow Account has been depleted, at the option of Point32Health, either (A) from the Cash Escrow Account, after taking into account any amounts owed to Point32Health under Section 12.6, in accordance with the Escrow Agreement, or (B) directly from Baystate

Health by wire transfer of immediately available funds in accordance with the procedures set forth in Section 3.2(g). After payment to Point32Health of an amount equal to the Post-Closing Medicaid Redeterminations Adjustment Amount in accordance with the preceding sentence, or upon final determination that the Incremental Post-Closing Medicaid Redeterminations Count is zero, all funds then remaining in the Medicaid Redeterminations Escrow Account, if any, shall be released to Baystate Health. Within five (5) Business Days of such payment or determination, Baystate Health shall make, and/or Point32Health and Baystate Health shall direct the Escrow Agent to make, as applicable, any payment or release contemplated by this Section 3.4(b), in each case by wire transfer of immediately available funds to one or more accounts designated in writing by the applicable payee.

(c) If the Incremental Post-Closing Medicaid Redeterminations Count is less than zero, then Point32Health shall pay to Baystate Health the absolute value of that portion of the Post-Closing Medicaid Redeterminations Adjustment Amount corresponding to Medicaid Program Line of Business Enrollees as of the Execution Date who were among the Closing Date Medicaid Redeterminations Count but not among the Final Medicaid Redeterminations Count by wire transfer of immediately available funds in accordance with the procedures set forth in Section 3.2(g). Upon final determination that the Incremental Post-Closing Medicaid Redeterminations Count is less than zero, all funds then remaining in the Medicaid Redeterminations Escrow Account shall be released to Baystate Health. Within five (5) Business Days of such determination, Point32Health and Baystate Health shall direct the Escrow Agent to make the release contemplated by this Section 3.4(c) by wire transfer of immediately available funds to one or more accounts designated in writing by Baystate Health.

(d) The Incremental Post-Closing Medicaid Redeterminations Count and Post-Closing Medicaid Redeterminations Adjustment Amount will be final, conclusive and binding on the Parties unless Baystate Health or its Representative provides a Dispute Notice to Point32Health no later than the forty-fifth (45) calendar day after the delivery to Baystate Health or its Representative of the Incremental Post-Closing Medicaid Redeterminations Count. Any Dispute Notice must set forth in reasonable detail (i) any item on the Incremental Post-Closing Medicaid Redeterminations Count or the Post-Closing Medicaid Redeterminations Adjustment Amount to which Baystate Health or its Representative believes has not been prepared in accordance with this Agreement and the correct amount of such item and (ii) Baystate Health or its Representative's alternative calculation of the Incremental Post-Closing Medicaid Redeterminations Count or the Post-Closing Medicaid Redeterminations Adjustment Amount, as the case may be. Any item or amount to which no dispute is raised in the Dispute Notice will be final, conclusive and binding on the Parties on such forty-fifth (45th) calendar day. Any Dispute Notice must specify, with reasonable particularity, all facts that form the basis of such disagreements and all statements by Persons (who shall be identified by name) and documents relied upon by Baystate Health or its Representative as forming the basis of such disagreement. Point32Health and Baystate Health will attempt to promptly resolve the matters raised in any Dispute Notice in accordance with the procedures set forth in Section 3.2(e).

Section 3.5 Escrow.

(a) At Closing, Point32Health will deposit a portion of the Estimated Total Consideration equal to (i) the Cash Escrow Amount and (ii), if the Medicaid Redeterminations Measurement Date has not occurred on or prior to the Closing Date, the Medicaid Redeterminations Escrow Amount in escrow on behalf of Baystate Health in accordance with the Escrow Agreement. The Cash Escrow Amount and Medicaid Redeterminations Escrow Amount shall be held and, subject to Section 3.2(f), Section 3.3(b), Section 3.3(c), Section 3.4(a), Section 3.4(c), and Article XII, released to the Baystate Health in accordance with the provisions of this Agreement and the Escrow Agreement. From and after the Closing, Baystate Health, Point32Health, and their Representatives will direct the Escrow Agent to disburse payments from the Cash Escrow Account and Medicaid Redeterminations Escrow Account, as applicable, in accordance with Section 3.2(f), Section 3.3(b), Section 3.3(c), Section 3.4(a), Section 3.4(c), and Article XII and the terms of the Escrow Agreement, including: (i) in the case of any disbursement that is required by the terms of this Agreement and as to which there is no dispute (or as to which the disputing Party has failed to notify the Escrow Agent and the other Party of its dispute in accordance with any applicable requirements under this Agreement and the Escrow Agreement), Baystate Health, Point32Health, and their Representatives will provide prompt joint payment instructions directing the Escrow Agent to make such disbursement and (ii) in the case of a disbursement as to which either Point32Health or Baystate Health or each Party's Representative has notified the other and the Escrow Agent (in accordance with any notice and timing requirements applicable under this Agreement and the Escrow Agreement) that there is a good faith dispute, Baystate Health, Point32Health, and their Representatives will provide joint payment instructions to the Escrow Agent to direct the appropriate disbursement promptly upon the resolution, in accordance with the provisions of this Agreement, of such dispute.

(b) Subject to the Escrow Agreement, on the date which is eighteen (18) months following the Closing Date, the Cash Escrow Amount shall be released and paid to Baystate Health reduced by an amount equal to all amounts with respect to (i) which Point32Health Indemnitees have asserted a claim in writing pursuant to Article XII for, but not yet received, disbursement from the Cash Escrow Account, and (ii) any unresolved claims of Point32Health Indemnitees for indemnification under Article XII of this Agreement. In addition, subject to the Escrow Agreement, the Medicaid Redeterminations Escrow Amount shall be released and paid to Baystate Health in accordance with Section 3.4(a) and Section 3.4(d).

Section 3.6 Earn-Out Consideration. Up to an additional Twenty Million Dollars (\$20,000,000) of the Total Consideration shall be payable in cash following the Closing upon the satisfaction of certain conditions set forth in the Earn-Out Agreement (the "Earn-Out Consideration").

Section 3.7 Withholding. Point32Health, its Affiliates, and any other applicable withholding agent shall be entitled to deduct and withhold from any amount payable under this Agreement, including the Closing Consideration and Earn-Out Consideration, such amounts as may be required to be deducted and withheld from or with respect to such payment under the Code

or other applicable state, local, or non-U.S. Law; provided that, if Point32Health or any of its Affiliates determine that an amount is required to be deducted and withheld, at least three (3) Business Days prior to the date the applicable payment is scheduled to be made, Point32Health shall (a) provide Baystate Health with written notice of the intent to deduct and withhold (which notice shall include a copy of the calculation of the amount to be deducted and withheld), and (b) provide the recipient a reasonable opportunity to provide forms or other evidence that would reduce or eliminate any such amounts otherwise required to be deducted and withheld. To the extent that amounts are so deducted and withheld, and duly and timely paid to the appropriate Governmental Authority, such amounts shall be treated for all purposes of this Agreement as having been paid to the Person in respect of which such withholding was made. Notwithstanding anything to the contrary herein, any compensatory amounts subject to payroll reporting and withholding that are payable pursuant to or as contemplated by this Agreement shall be payable in accordance with the applicable payroll procedures of the Companies and nothing herein shall limit any Person's ability to withhold on such payments.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF BAYSTATE HEALTH

Except as set forth in the Baystate Health Disclosure Schedule (which qualifies (i) the correspondingly numbered representation, warranty or covenant if specified therein and (ii) such other representations, warranties or covenants where its relevance as an exception (or disclosure for purposes of) such other representation, warranty or covenant is reasonably apparent on the face of disclosure), Baystate Health represents and warrants to Point32Health as of the date of this Agreement and as of the Closing Date (except in the case of representations and warranties that are made as of a specified date, in which case such representations and warranties will be true and correct as of such specified date), as follows:

Section 4.1 Organization and Authorization of Baystate Health.

(a) Baystate Health is validly existing and in good standing (or its equivalent) under the Laws of the Commonwealth of Massachusetts.

(b) Baystate Health has all requisite power and authority to execute, deliver, and perform its obligations under this Agreement and its Related Agreements and to consummate the Transaction and the transactions contemplated by the Related Agreements.

(c) The execution, delivery, and performance of Baystate Health of this Agreement and its Related Agreements and the consummation by Baystate Health of the Transaction and the transactions contemplated by the Related Agreements have been validly and duly authorized by all necessary action by Baystate Health. Baystate Health has validly executed and delivered this Agreement and, at or prior to the Closing, Baystate Health will have validly executed and delivered each of its Related Agreements. This Agreement constitutes, and each Related Agreement will after the Closing constitute, legal, valid, and binding obligations of

Baystate Health, enforceable against Baystate Health in accordance with their respective terms, subject to the Enforceability Limitations.

Section 4.2 Subsidiaries. All nonprofit membership interests or the outstanding shares of capital stock of, or other equity interests in, the Companies have been validly issued and, to the extent applicable, are fully paid and nonassessable and are owned directly or indirectly by the Baystate Health free and clear of all Liens other than Permitted Liens, and free of any restriction on the right to vote, sell or otherwise dispose of such capital stock or other equity interests.

Section 4.3 Consents; No Conflicts.

(a) The execution, delivery, and performance of Baystate Health of this Agreement and its Related Agreements, and the consummation by Baystate Health of the Transaction and the transactions contemplated by the Related Agreements, do not and will not require any Consent of or with any Governmental Authority, other than (i) any Consent the failure of which to be obtained would not prevent or materially delay the consummation by the Companies of the Transaction and the transactions contemplated by the Related Agreements, (ii) any Consent that is required as a result of any facts or circumstances relating solely to Point32Health or any of its Affiliates, and (iii) the Consents set forth on Section 4.3(a) of the Baystate Health Disclosure Schedule.

(b) Except as set forth on Section 4.3(b) of the Company Disclosure Schedule, and assuming the taking of any action by (including any Consents), or in respect of, or any filing with, any Governmental Authority, in each case, as disclosed on Section 4.3(a) of the Baystate Health Disclosure Schedule, the execution, delivery, and performance by Baystate Health of this Agreement and its Related Agreements, and the consummation by Baystate Health of the Transaction and the transactions contemplated by the Related Agreements, do not and will not violate, conflict with, result in a breach, cancellation, acceleration, or termination of, constitute a default under, result in the creation of any Lien (other than Permitted Liens and Liens arising under applicable securities Laws) on any of the membership interests held by Baystate Health under, result in a circumstance that, with or without notice or lapse of time or both, require any Consent of any Person, or result in a circumstance that, with or without notice or lapse of time or both, would constitute any of the foregoing under (i) any Law or Order applicable to or binding on Baystate Health or its properties or assets, (ii) any Contract related to the Business to which Baystate Health is a party or by which Baystate Health or any of its respective properties or assets is bound, (iii) any material Permit held by Baystate Health, or (iv) any of the Organizational Documents of Baystate Health, except, in the case of each of clauses (i), (ii), and (iii), where such violation, conflict, breach, cancellation, termination, or default would not, individually or in the aggregate prevent or materially delay the ability of Baystate Health to consummate the Transaction and the transactions contemplated by the Related Agreements, or would not result in, or would reasonably be expected to not result in, a Material Adverse Effect.

Section 4.4 Proceedings. Except as set forth on Section 4.4 of the Baystate Health Disclosure Schedule, there are no Proceedings pending or, to Baystate Health's Knowledge,

threatened by or against Baystate Health or any of its Affiliates or any of their respective Representatives in their capacities as such with respect to this Agreement, its Related Agreements, the Transaction and the transactions contemplated by the Related Agreements that, if determined adversely to Baystate Health, would prevent or materially delay the ability of Baystate Health to consummate the Transaction and the transactions contemplated by the Related Agreements.

Section 4.5 Brokers. Except as set forth on Section 4.5 of the Baystate Health Disclosure Schedule, no broker, finder, or investment bank is entitled to any brokerage, finder's, or similar fee or commission in connection with the Transaction and the transactions contemplated by the Related Agreements based upon arrangements made by or on behalf of Baystate Health for which any of the Companies would be liable.

Section 4.6 Fraudulent Conveyance. This Agreement is an arm's-length transaction entered into in good faith. Baystate Health is not entering into this Agreement with the intent to hinder, defraud or delay any of its creditors and, to Baystate Health's Knowledge, the consummation of the Transaction and the transactions contemplated by the Related Agreements will not have any such effect. To Baystate Health's Knowledge, the Transaction and the transactions contemplated by the Related Agreements will not constitute a fraudulent transfer or fraudulent conveyance or any act with similar consequences or potential consequences under any applicable fraudulent conveyance Laws, or otherwise give rise to any right of any creditor of Baystate Health or its Subsidiaries whatsoever to lodge any claim against any of the membership interests in the hands of Point32Health or any of its Representatives, or any other Person, after the Closing, to avoid the Transaction and the transactions contemplated by the Related Agreements or to lodge any claim against Point32Health or any of its Representatives.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF BAYSTATE HEALTH WITH RESPECT TO THE COMPANIES

Except as set forth in the Company Disclosure Schedule (which qualifies (i) the correspondingly numbered representation, warranty or covenant if specified therein and (ii) such other representations, warranties or covenants where its relevance as an exception (or disclosure for purposes of) such other representation, warranty or covenant is reasonably apparent on the face of disclosure), Baystate Health, with respect to the Companies, represents and warrants to Point32Health as of the date of this Agreement and as of the Closing Date (except in the case of representations and warranties that are made as of a specified date, in which case such representations and warranties will be true and correct as of such specified date), as follows:

Section 5.1 Organization and Authorization of the Companies.

(a) Each of the Companies is validly existing and in good standing (or its equivalent) under the Laws of its jurisdiction of incorporation and has all requisite corporate, limited partnership, limited liability company, or other legal entity, as applicable, power and authority to own, lease, and operate its properties and assets and to conduct its Business as

currently conducted. Each of the Companies is validly licensed or qualified to do business and (where such concept is applicable) is in good standing (or its equivalent) under the Laws of each jurisdiction in which the properties and assets leased or owned by it or the conduct of its Business as currently conducted makes such licensing or qualification necessary.

(b) Each of the Companies has all requisite corporate power and authority to perform its obligations under this Agreement and to execute, deliver, and perform its obligation under any of its Related Agreements, and to consummate the Transaction and the transactions contemplated by the Related Agreements. Except for approval by Baystate Health and as otherwise set forth on Section 5.1(b) of the Company Disclosure Schedule, no vote of the Companies or any of their members or stockholders is required in connection with the Transaction and the transactions contemplated by the Related Agreements. The execution, delivery, and performance by the Companies of any Related Agreement to which it is a party, and the consummation by the Companies of the Transaction and the transactions contemplated by the Related Agreements have been validly and duly authorized by all necessary corporate action by the Companies, and Baystate Health in its capacity as the holder of HNE's membership interests. At or prior to the Closing, HNE will have validly executed and delivered any Related Agreement to which it is a party. Assuming due authorization (with respect to all parties requiring such authorization), execution and delivery of the Related Agreements by the other applicable parties thereto, each Related Agreement to which a Company is a party constitutes the legal, valid, and binding obligation of such Company(ies), enforceable against such Company(ies) in accordance with its terms, subject to the Enforceability Limitations.

(c) True, complete and correct copies of the Companies' Organizational Documents and minute books corresponding to the Look-Back Period have been made available to Point32Health. The Companies are not in default under or in violation of their respective Organizational Documents.

Section 5.2 Consents; No Conflicts.

(a) The performance of the Companies of this Agreement and the execution, delivery, and performance by the Companies of its Related Agreements and the consummation by the Companies of the Transaction and the transactions contemplated by the Related Agreements, do not and will not require any Consent of or with any Governmental Authority, other than (i) any Consent the failure of which to be obtained would not prevent or materially delay the consummation by the Companies of the Transaction and the transactions contemplated by the Related Agreements, (ii) any Consent that is required as a result of any facts or circumstances relating solely to Point32Health or any of its Affiliates, and (iii) the Consents set forth on Section 5.2(a) of the Company Disclosure Schedule.

(b) Except as set forth on Section 5.2(b) of the Company Disclosure Schedule, and assuming the taking of any action by (including any Consents), or in respect of, or any filing with, any Governmental Authority, in each case, as disclosed on Section 5.2(a) of the Company Disclosure Schedule, the execution, delivery, and performance by the Companies of the Related

Agreements, and the consummation by the Companies of the Transaction and the transactions contemplated by the Related Agreements, do not and will not materially violate, conflict with, result in a material breach, cancellation, acceleration or termination of, constitute a material default under, result in the creation of any Lien (other than Permitted Liens and Liens arising under applicable securities Laws) on any of the properties or assets of the Companies, result in a circumstance that, with or without notice or lapse of time or both, require any Consent of any Person or would constitute any of the foregoing under (i) any Law or Order applicable to or binding on the Companies or any of its properties or assets, (ii) any Material Contract to which any Company is a party or by which any Company, or any of its properties or assets are bound, including any Material Contract or Real Property Lease, (iii) any material Permit held by the Companies, or (iv) any of the Organizational Documents of the Companies, except, in the case of each of clauses (i), (ii), and (iii), where such violation, conflict, breach, cancellation, termination, or default would not, individually or in the aggregate, prevent or materially delay the consummation by the Companies of the Transaction and the transactions contemplated by the Related Agreements.

Section 5.3 Financial Statements.

(a) Set forth in Section 5.3(a) of the Company Disclosure Schedule are: (i) the individual audited balance sheets of the Regulated Companies as of December 31, 2022 and December 31, 2021 and the related individual audited statements of income and cash flows, including notes and schedules thereto, of the Regulated Companies for the years then ended (the “Audited Annual Statements”); (ii) the unaudited internal consolidating balance sheets of the Companies and the related unaudited internal consolidating statements of operations of the Companies for the years ended December 31, 2023 and December 31, 2022 (the “Internal Unaudited Annual Statements”), and (iii) the unaudited balance sheet of the Companies as of December 31, 2023 (the “Interim Balance Sheet” and together with the Internal Unaudited Annual Statements and the Audited Annual Statements, the “Financial Statements”). The Financial Statements (A) have been prepared from the books and records of the Companies in accordance with Agreed Accounting Principles, applied on a consistent basis throughout the period covered; (B) are correct in all material respects; and (C) present fairly, in all material respects, the financial condition and results of operations and changes in cash flows of the Companies as of the respective dates thereof and for the respective periods covered thereby, subject, in the case of the unaudited Financial Statements, to normal recurring period-end adjustments (the effect of which will not, individually or in the aggregate, be material to the Companies) and the absence of footnotes (which, if presented, are not expected to be materially different from those presented in the latest audited Financial Statements). The books and records of the Companies are correct, have been maintained in accordance with sound business practices, and accurately reflect in all material respects all the transactions and actions therein described.

(b) Section 5.3(b) of the Company Disclosure Schedule sets forth a correct list of all Company Indebtedness in excess of Two Hundred and Fifty Thousand Dollars (\$250,000) as of the date hereof, identifying the outstanding amount owed to each creditor associated with such Company Indebtedness as of the date of this Agreement. Other than the Company

Indebtedness as set forth in Section 5.3(b) of the Company Disclosure Schedule, the Companies have no outstanding Company Indebtedness in excess of Two Hundred and Fifty Thousand Dollars (\$250,000) as of the date hereof.

Section 5.4 No Undisclosed Liabilities. Except as set forth on Section 5.4 of the Company Disclosure Schedule, the Companies do not have any Liabilities required by Agreed Accounting Principles, to be reflected in or disclosed in footnotes to a balance sheet of the Companies, except (a) Liabilities specifically disclosed on, and adequately reserved against the Interim Balance Sheet; (b) Liabilities that have arisen since the date of the Interim Balance Sheet in the ordinary course of business consistent with past practice, none of which is a Liability arising from a breach of Contract, breach of warranty, infringement, misappropriation or tort; (c) Liabilities that would not reasonably be expected to be material (individually or in the aggregate) to the Companies (taken as a whole); and (d) Liabilities incurred in connection with this Agreement and the Related Agreements, and the Transaction and the transactions contemplated by the Related Agreements. The Companies do not have any “off-balance sheet” Liabilities.

Section 5.5 Internal Controls. The Companies are subject to, and since the Look-Back Date, have been subject to, a system of internal controls over financial reporting established and maintained by Baystate Health or an Affiliate of Baystate Health, which internal controls are sufficient to provide reasonable assurances that (a) transactions are executed in accordance with general or specific authorizations applicable to Baystate Health and its Affiliates, (b) transactions are recorded as necessary to permit preparation of financial statements in conformity with Agreed Accounting Principles, and to maintain accountability for assets, and (c) the recorded accountability for assets is maintained at reasonable intervals and appropriate action is taken with respect to any differences. Since the Look-Back Date, there have been no (i) significant deficiency or material weakness in any system of internal accounting controls to which the Companies are subject or (ii) fraud or other wrongdoing that involves any of the management or other employees of Baystate Health or the Companies who have a role in the preparation of financial statements or the internal accounting controls relating to the Companies.

Section 5.6 Absence of Certain Changes.

(a) Except as set forth on Section 5.6 of the Company Disclosure Schedule, since the date of the Interim Balance Sheet, (i) the Companies have conducted the Business in the ordinary course of business consistent with past practice and (ii) there has been no Material Adverse Effect.

(b) Without limiting the generality of the foregoing, since the date of the Interim Balance Sheet, except as set forth on Section 5.6 of the Company Disclosure Schedule, the Companies have not taken any action which, if taken after the date of this Agreement and prior to the Closing, would require the Consent of Point32Health pursuant to clauses (b), (c), (d), (f), (h), (i), (j), (k), (q), (v), or, solely with respect to the foregoing clauses, clause (aa) of Section 7.2.

Section 5.7 Assets.

(a) Except for assets disposed of in the ordinary course of business since the date of the Interim Balance Sheet or as set forth on Section 5.7(a) of the Company Disclosure Schedule, the Companies have good, marketable and valid title to, a valid leasehold interest in, or a valid license to use all of the properties and assets (tangible or intangible, real or personal) reflected on its Interim Balance Sheet or acquired, leased, or licensed by the Companies since the date of such Interim Balance Sheet, free and clear of any Lien (other than Permitted Liens).

(b) Except as set forth on Section 5.7(b) of the Company Disclosure Schedule, after giving effect to the Pre-Closing Contribution, the licenses set forth in Section 13.2, and the Transition Services Agreement, the properties and assets owned, leased, or licensed by the Companies constitute all of the properties, assets, goodwill and rights (including Intellectual Property) that (i) are used in the Business and/or (ii) are necessary to operate its Business immediately following the Closing in substantially the same manner as its Business is operated as of the date hereof and immediately prior to the Closing.

Section 5.8 Real Property.

(a) The Companies do not own, or own a fee interest in, any real property.

(b) Section 5.8(b) of the Company Disclosure Schedule sets forth a correct list of all Material Contracts pursuant to which the Companies lease, sublease, license, or otherwise occupy any real property as tenant, subtenant, or licensee (each, a “Real Property Lease”), together with the address of the related property (collectively, the “HNE Real Property”). The Companies have a valid leasehold interest in and to each of the HNE Real Property, free and clear of any Lien (other than Permitted Liens). The Companies have delivered to Point32Health accurate and complete copies of the Real Property Leases, in each case as amended or otherwise modified and in effect, and have made available to Point32Health all extension notices and other material correspondence, lease summaries, notices or memoranda of lease, estoppel certificates and subordination, non-disturbance and attornment agreements related thereto that are in the Companies’ possession. Each of the Real Property Leases is in full force and effect and enforceable against the lessor in accordance with the terms of such Real Property Lease. The HNE Real Property is adequate and suitable for the purposes for which it is presently being used and the Companies have adequate rights of ingress and egress into and from each such HNE Real Property used in the operation of the Business of the Companies in the ordinary course consistent with past practice, in each case, except as would not be material to the Companies (taken as a whole). The improvements and fixtures on the HNE Real Property for which the Companies are responsible to maintain, repair or replace are in good condition and working order, suitable for their current use, ordinary wear and tear excepted. As of the date hereof, the Companies are in peaceful and undisturbed possession of the property leased under the Real Property Leases by the Companies, and there are no contractual or legal restrictions that preclude or restrict the ability of such Company to use the HNE Real Property for the purposes for which they are currently being used. The HNE Real Property constitutes, in all material respects, all of the real property utilized by the

Companies in their operation of the Business as currently conducted. As of the date hereof, no Company has collaterally assigned or granted any other security interest in the HNE Real Property or any interest therein, other than any Permitted Lien. As of the date hereof, none of the Companies have received written notice of any eminent domain or other similar Proceedings that would result in the taking of all or any part of the HNE Real Property.

(c) Except as set forth in Section 5.8(c) of the Company Disclosure Schedule, there are no written or oral subleases, licenses, concessions, occupancy agreements or other Contract obligations granting to any other Person the right of use or occupancy of the HNE Real Property.

Section 5.9 Intellectual Property.

(a) Section 5.9(a)(i) of the Baystate Health Disclosure Schedule sets forth a correct and complete list of all active registrations and pending applications to register Trademarks, Patents, and Copyrights included in the HNE Intellectual Property or Licensed Intellectual Property, as well as all domain names and social media accounts and handles included in HNE Intellectual Property or Licensed Intellectual Property (collectively, “Registered Intellectual Property”). Except as set forth on Section 5.9(a)(i) of the Baystate Health Disclosure Schedule, one of the Companies, Baystate Health or one of its Affiliates is the record owner (or in the case of domain names, the registrant either directly or by proxy and in the case of social media accounts and handles, the account holder) of all such items listed on Section 5.9(a)(i) of the Baystate Health Disclosure Schedule, which owner is indicated in Section 5.9(a)(i) of the Baystate Health Disclosure Schedule. Schedule 5.9(a)(ii) of the Baystate Health Disclosure Schedule sets forth a correct and complete list of (A) all material unregistered Trademarks included in the HNE Intellectual Property or Licensed Intellectual Property, (B) all Software owned by or made by or for the Companies (“HNE Software”), and (C) all Software owned by Baystate Health or any of its Affiliates (other than the Companies) or exclusively licensed to Baystate Health or any of its Affiliates (including the Companies), indicating (in the case of (C)) which is primarily used in the operation of the Business of the Companies and which is used (but not primarily used) in the operation of the Business of the Companies. To Baystate Health’s Knowledge, except as set forth on Section 5.9(a)(iii) of the Baystate Health Disclosure Schedule (A) all of the items of Registered Intellectual Property are subsisting, valid and enforceable, and (B) except as done in the ordinary course of business, none of the items of Registered Intellectual Property has been abandoned, canceled or otherwise terminated. After giving effect to the Pre-Closing Contribution, the Companies will solely own all rights, title, and interests in all HNE Intellectual Property, free and clear of any Lien (other than Permitted Liens).

(b) Except as set forth on Section 5.9(b) of the Baystate Health Disclosure Schedule, after giving effect to the Pre-Closing Contribution, the licenses set forth in Section 13.2, and the Transition Services Agreement, the Companies own or have a valid and enforceable right or license to use all of the Intellectual Property used in or necessary to conduct the Business of the Companies as currently conducted, free and clear of any Lien (other than Permitted Liens).

(c) Except as set forth on Section 5.9(c) of the Baystate Health Disclosure Schedule, (i) there are no, and since the Look-Back Date have not been, any Intellectual Property Proceedings filed against Baystate Health or any of its Affiliates (including the Companies), and neither Baystate Health nor any of its Affiliates (including the Companies) has, since such date, received any written notice, (A) challenging the validity, ownership, registrability or enforceability of any HNE Intellectual Property or Licensed Intellectual Property or (B) alleging that the conduct of the Business of the Companies, or the use of any of their respective products or services, violates, infringes, or misappropriates, or has violated, infringed, or misappropriated, the Intellectual Property rights of any Person, and (ii) the operation of the Business of the Companies as currently conducted does not infringe, violate, or misappropriate, and, to Baystate Health's Knowledge, since the Look-Back Date, has not infringed, violated, or misappropriated, the Intellectual Property rights of any Person, and, to Baystate Health's Knowledge, there is no fact currently existing which could give rise to any such credible claims.

(d) Except as set forth on Section 5.9(d) of the Company Disclosure Schedule, since the Look-Back Date, the Companies have not received any written request to make available to the Secretary of the U.S. Department of Health and Human Services or any other Governmental Authority any books and records relating to the Companies' use and disclosure of Protected Health Information.

(e) To Baystate Health's Knowledge, since the Look-Back Date, no Person has violated, infringed or misappropriated or is currently violating, infringing or misappropriating any of the HNE Intellectual Property or Licensed Intellectual Property. Since the Look-Back Date, neither Baystate Health nor any of its Affiliates (including the Companies) has filed any Proceeding, or sent any written notice, alleging a violation, infringement, or misappropriation by another Person of the HNE Intellectual Property or Licensed Intellectual Property.

(f) The Companies have taken all commercially reasonable actions to maintain the confidentiality, secrecy, and value of all Know-How disclosed to, owned by, or possessed by them, and to Baystate Health's Knowledge, such Know-How has not been used by or disclosed to any Person except pursuant to a valid and enforceable non-disclosure agreement or other legally binding confidentiality obligation. To the Companies' Knowledge, the Companies are not in breach of and have not breached any material contractual obligations or undertakings of confidentiality that they owe or have owed to any Person. To Baystate Health's Knowledge, there has not been any breach by any third party of any material confidentiality obligation to the Companies. Except as set forth on Section 5.9(f) of the Company Disclosure Schedule, each Person who has contributed to the authorship, creation, reduction to practice, or development of any HNE Intellectual Property or Licensed Intellectual Property has assigned in writing to Baystate Health or one of its Affiliates all of such Person's rights, title and interests in and to such Intellectual Property rights that do not vest initially in such entities by operation of Law and to Baystate Health's Knowledge, no Person is in breach of or default under any such Contract.

(g) The Companies (i) have sufficient rights to use all third-party Software used in the operation of the Business of the Companies, and (ii) to Baystate Health's Knowledge, are in

material compliance with all obligations under any agreement pursuant to which they have obtained the right to use any third-party Software in connection with the operation of the Business of the Companies. To Baystate Health's Knowledge, all third-party Software material to the conduct of the Business of the Companies has performed in material accordance with the technical documentation relating thereto. No third-party Software, or any portion thereof, is licensed by the Companies pursuant to an "open source," "shareware," or "freeware" license, incorporates or is based on any Software that is licensed pursuant to an "open source," "shareware," or "freeware" license, or is otherwise distributed for use with any "open source," "shareware," or "freeware" licensed Software in a manner that would reasonably be expected to, (A) limit the Companies' ability to make, use, distribute, and sell or license HNE Software, (B) require any portion of the HNE Software to be disclosed, delivered, distributed, licensed or otherwise made available to a third party in source code form, (C) limit the Companies' freedom to seek full compensation in connection with the marketing, licensing, or distribution of any of the products or services of the Companies, such as require the license on a royalty-free basis of such HNE Software, or (D) allow a third party to decompile, disassemble, or otherwise reverse engineer any proprietary Intellectual Property.

(h) Each item of HNE Intellectual Property, the Licensed Intellectual Property, and the rights of the Companies under the IP Licenses will be owned, or licensed, as applicable, and available for use by the Companies on similar terms following the execution by the Companies of this Agreement and its Related Agreements and the consummation of the Transaction and the transactions contemplated by the Related Agreements, including after giving effect to the consummation of the Pre-Closing Contribution and licenses set forth in Section 13.2, as such items were owned, or licensed, as applicable and available for use by the Companies for the operation of the Business as operated immediately prior to the consummation of the Transaction and the transactions contemplated by the Related Agreements.

(i) None of the Baystate Health Trademarks are primarily used in the operation of the Business of the Companies. Except as set forth on Schedule 5.9(i), or provided to the Companies under the Transition Services Agreement, there is no Intellectual Property owned by, or purported to be owned by, or licensed to Baystate Health or any of its Affiliates other than the Companies, that is used in or necessary to conduct the Business of the Companies as currently conducted.

Section 5.10 Information Technology; Data Privacy and Security.

(a) True, complete and correct copies of the written Personal Information privacy and data security policies of the Companies in effect as of the date hereof have been delivered or made available to Point32Health. The Companies (i) have, since the Look-Back Date, in all material respects, protected the confidentiality, integrity and security of its Personal Information against any unauthorized control, use, access, interruption, modification or corruption in material conformance with Information Privacy and Security Laws, (ii) to the extent required by Information Privacy and Security Laws, maintain commercially reasonable policies and procedures regarding data security and privacy with respect to the collection, use, control, access,

modification and disclosure of Personal Information, and (iii) are in compliance in all material respects with (A) all privacy policies contained on any websites maintained by or on behalf of the Companies, (B) all Information Privacy and Security Laws, and (C) its contractual commitments and obligations regarding Personal Information.

(b) All information technology and computer systems, including Software, hardware, equipment, networks, servers, switches, endpoints, platforms, electronics, websites, storage, interfaces, and related systems, relating to the transmission, storage, maintenance, organization, presentation, generation, processing, or analysis of data and information, whether or not in electronic form, that are owned, operated, or used by the Companies (collectively, the “HNE IT Systems”), have been reasonably and appropriately maintained in accordance with prudent industry standards to promote proper operation, monitoring and use, operate and perform in all material respects in accordance with their documentation and functional specifications and are in good working condition to perform all information technology operations necessary to conduct the Business of the Companies as currently conducted and proposed to be conducted. To the Companies’ Knowledge, HNE IT Systems do not contain any viruses, bugs, vulnerabilities, faults or other disabling code that could (i) significantly disrupt or adversely affect the functionality or integrity of any HNE IT System, or (ii) enable or assist any Person to access without authorization any HNE IT System or to maliciously disable, maliciously encrypt, or erase any Software, hardware, or data maintained in any HNE IT System.

(c) The Companies validly own, lease or license all HNE IT Systems. The HNE IT Systems are designed to be sufficient for the immediate and anticipated needs of the Business of the Companies and the Companies will continue to have such rights immediately after the Closing to the same extent as prior to the Closing. Since the Look-Back Date, there has been no material (i) disruption, interruption, or outage, or continued substandard performance affecting any HNE IT System, (ii) data security breach or other unauthorized use, access, interruption, modification, or corruption of any HNE IT System or any Personal Information owned, used, stored, received, or controlled by or on behalf of the Companies that would constitute a breach for which notification to individuals and/or Governmental Authorities is required under any applicable Information Privacy and Security Laws or Contracts to which any of the Companies is a party, or (iii) actual or, to the Companies’ Knowledge, threatened Proceedings regarding (A) any security breach or other unauthorized use, access, interruption, modification, or corruption of any HNE IT System or (B) the Companies’ collection or use of Personal Information. To the Companies’ Knowledge, no service provider (in the course of providing services for or on behalf of the Companies) has suffered any privacy or data security breach that resulted in the unauthorized access, acquisition, exfiltration, use, or disclosure of the Companies’ Personal Information. The Companies have established, implemented, and maintain commercially reasonable cybersecurity policies, safeguards and procedures designed to protect against unauthorized use, access, interruption, modification, or corruption of the HNE IT System, and such safeguards and procedures are in compliance in all material respects with Information Privacy and Security Laws, applicable industry requirements, and the Companies’ obligations under any Contracts. The Companies are in material compliance with all licenses, Contracts, and other agreements relating to the HNE IT Systems, and, to the Companies’ Knowledge, the Companies have not been subject

to any audit from a third party or been required to make any true-up payment to a third party in connection with any license, Contract, or other agreement relating to the HNE IT Systems.

(d) The collection, storage, processing, transfer, sharing and destruction of Personal Information in connection with the Transaction and the transactions contemplated by the Related Agreements and (i) execution, delivery and performance of this Agreement and the Related Agreements and the consummation of the Transaction and the transactions contemplated by the Related Agreements materially complies with the Companies' applicable external privacy notices and policies and with all applicable Information Privacy and Security Laws.

Section 5.11 Material Contracts. Section 5.11 of the Company Disclosure Schedule sets forth a true, correct and complete list of all of the Contracts (including amendments or modifications thereto in effect as of the date hereof) of the following types to which any of the Companies (or, with respect to any Employee, Baystate Health or any of its other Subsidiaries) are a party, (or, as specified below, to which Baystate Health or any of its other Affiliates is a party for the purpose of providing goods or services primarily used by the Companies), or by which the Companies or any of their properties or assets is bound (or, as specified below, to which any HNE Intellectual Property or Licensed Intellectual Property is bound):

(a) any Contract, the performance of which has resulted in expenditures by, or receipts of, any of the Companies in the aggregate of more than Seven Hundred Fifty Thousand Dollars (\$750,000) per fiscal year on average since the Look-Back Date or is reasonably expected to result in expenditures by, or receipts of, any of the Companies of more than Seven Hundred Fifty Thousand Dollars (\$750,000) in fiscal year 2023;

(b) any Contract under which any of the Companies is a lessee of or holds or operates any equipment, vehicle, or other tangible personal property that is owned by another Person and that (i) has resulted in or that is reasonably expected to result in aggregate expenditures by the Companies of more than Five Hundred Thousand Dollars (\$500,000) or (ii) extends for a term of more than one (1) year following the date of this Agreement;

(c) any Contract that includes any right of first offer or refusal or other similar term favoring any other Person;

(d) with respect to any partnership, joint venture, or similar entity to which any of the Companies is a party to, any Contract:

(i) relating to the creation, formation, operation, management or control of such partnership, joint venture, or similar entity, or

(ii) containing a put right, call right, tag-along right or drag-along right.

(e) any material Contract under which any of the Companies outsource the performance of any services required to be performed by any of the Companies under any other Material Contract (excluding Provider Contracts);

(f) (i) any Contract relating to the acquisition by the Companies of any business, membership interests, unit, division, or all or substantially all assets of any other Person (whether by merger, sale of membership interests, sale of assets, or otherwise), or (ii) any Contract pursuant to which the Companies have continuing indemnification, “earn-out” or other contingent payment Liabilities (other than with respect to agents and brokers of the Business, as applicable, and for avoidance of doubt, excluding revenue-sharing arrangements), including Contracts providing for indemnification to or from any Person with respect to Liabilities relating to any current or former Business of the Companies or any predecessor in interest, in each case, in connection with any such purchase or sale;

(g) any Contract relating to the sale or other disposition by the Companies of any business, membership interests, unit, division, or material assets (whether by merger, consolidation, divestiture, sale of membership interests, sale of assets, or otherwise);

(h) any Contract that constitutes Company Indebtedness for borrowed money (whether incurred, assumed or guaranteed) by, or the placing of a Lien or similar instrument such as a mortgage, pledge, indenture or security agreement (other than a Permitted Lien) on any assets of, any of the Companies;

(i) any Contract under which any of the Companies have, directly or indirectly, made any advance, loan, or extension of credit to, or capital contribution or other investment of more than Five Hundred Thousand Dollars (\$500,000) in, any other Person;

(j) any Contract, other than any Benefit Plan disclosed on Section 5.14(a) of the Baystate Health Disclosure Schedule, with (i) any current or former officer or director of any of the Companies or (ii) any other current or former Employee of, independent contractor of, or consultant to, any of the Companies providing for, in the case of this clause (ii), aggregate future payments by any of the Companies of more than Two Hundred Thousand Dollars (\$200,000);

(k) any Contract with any Affiliate of the Companies, Baystate Health, or any of Baystate Health’s Affiliates (other than the Companies) with respect to the Business;

(l) any Contract that (i) limits the freedom of the Companies to compete with, or to solicit customers or suppliers from, any Person or in any geographical area or that otherwise restricts the marketing, distribution or sale of its or their products or services in any respect, (ii) provides “most favored nation” status to any party, (iii) requires the purchase of any product or service exclusively from a single party or grants exclusive rights to marketing or distribution to a single party or (iv) contains any minimum purchase obligations binding on the Companies;

(m) any Contract restricting the ability of the Companies to solicit or hire any other Person, other than under any confidentiality agreements and any other agreements with suppliers or vendors of the Companies in the ordinary course of business;

(n) any Contract with any Governmental Authority;

(o) any Contract that relates to any off-balance sheet arrangements, loss sharing or loss guarantee and contingent purchase transactions, special purpose entity transactions or other similar transactions of the Companies, and any hedging, derivatives or similar Contracts or arrangements;

(p) any collective bargaining or similar written labor-related agreement or other Contract with a Union;

(q) any Contract relating to the settlement of any Proceedings under which the Companies have continuing post-Closing obligations or Liabilities equal to or greater than Two Hundred Fifty Thousand Dollars (\$250,000); and

(r) any Contract pursuant to which the Companies manage the business of another Person in exchange for a management fee.

The Companies have made available to Point32Health a true, complete and correct copy (or, with respect to any oral Contract, a correct written summary of the terms and conditions of such oral Contract) of each Contract set forth or required to be set forth on Section 5.11 of the Company Disclosure Schedule (including all amendments, modifications, exhibits, and schedules) (collectively, with the IP Licenses and Real Property Leases, the “Material Contracts”). Except as set forth on Section 5.11 of the Company Disclosure Schedule, each Material Contract is valid and is in full force and effect and constitutes a legal, valid, and binding obligation of the Companies, and the other party or parties thereto, enforceable against the Companies and such other party or parties in accordance with its terms, subject to the Enforceability Limitations. None of the Companies nor any other party to a Material Contract is in, or to the Companies’ Knowledge is alleged to be in, material breach of or default under such Material Contract. Since the Look-Back Date, none of the Companies have sent to any counterparty or received from any counterparty any written notice of material breach or material default under any Material Contract.

Section 5.12 Provider Contracts.

(a) Section 5.12(a) of the Company Disclosure Schedule contains a true and complete list of the top thirty (30) Providers for the Companies based on aggregate payments made by the Companies to such Providers for calendar year 2023 (the “Key Providers”) and provides the total amount paid or recovered by the Companies for such period. The Companies have in place a written Provider Contract with each such Provider that is currently in effect, except as would not reasonably be expected to be material to the Companies (taken as a whole). Prior to the date hereof, the Companies have delivered or made available to Point32Health true, correct and complete copies of all Provider Contracts with the Key Providers, including all amendments, waivers or changes thereto.

(b) Except as set forth on Section 5.12(b) of the Company Disclosure Schedule, since the Look-Back Date, no Key Provider has given written notice to the Companies of a termination of its relationship with the Companies.

(c) Except as set forth on Section 5.12(c) of the Company Disclosure Schedule, to the Companies' Knowledge, none of the Companies are in material default of or in material breach of any term or obligation of the Companies under any Provider Contract.

(d) Since the Look-Back Date, except as set forth on Section 5.12(d) of the Company Disclosure Schedule and excluding any routine Provider appeals and payment disputes, no Provider under a Provider Contract has alleged that it has not been compensated for undisputed covered services provided to Enrollees in accordance with the rates and fees set forth in the applicable Provider Contract and the Companies' standard payment policies and procedures. There are no renegotiations, attempts to renegotiate or outstanding rights to negotiate any amount to be paid or payable to or by the Companies under any Provider Contract applicable to covered services to be provided in the future.

(e) The Companies have maintained materially all records (excluding medical records or other records relating to Enrollees) required to be maintained by applicable Laws with respect to directly contracted Providers in the Provider Network.

Section 5.13 Permits.

(a) The Companies possess all material Permits required by applicable Law (i) to own, lease, and operate their properties and assets and (ii) to conduct the Business of the Companies as currently conducted. Section 5.13(a) of the Company Disclosure Schedule sets forth a list of all such material Permits. All such Permits are in full force and effect, and the Companies have materially performed all of their obligations under and are, and have been at all times, in material compliance with all such Permits.

(b) Except as set forth on Section 5.13(b) of the Company Disclosure Schedule, the Companies have not received any written notice from any Governmental Authority threatening to withdraw, revoke, terminate, or suspend any of its or their Permits, except where such withdrawal, revocation, termination or suspension would not reasonably be expected to be material to the Companies (taken as a whole). Except as set forth on Section 5.3(a) of the Company Disclosure Schedule, none of the Companies' material Permits will be subject to withdrawal, revocation, termination, or suspension as a result of the execution and delivery of this Agreement, their Related Agreements or the consummation of the Transaction and the transactions contemplated by the Related Agreements.

Section 5.14 Employee Benefit Plan Matters.

(a) Section 5.14(a) of the Company Disclosure Schedule sets forth a correct list, as of the date of this Agreement, of each material HNE Benefit Plan (with an asterisk next to any such HNE Benefit Plan that is not sponsored by a Company) (other than any individual employee offer letters or independent contractor or consulting agreements that follow the standard form made available to Point32Health and that do not provide for any severance, retention, or transaction-related payment or benefits). For each HNE Benefit Plan, Baystate Health has made available to Point32Health (i) a copy of such plan, and all material amendments thereto, (ii) if

applicable, the most recently filed annual return/report on Form 5500 and any other required annual returns, (iii) the most recent summary plan description and any summaries of material modifications issued since the most recent summary plan description or, if the plan is unwritten, a summary of material terms provided to participants, if any, (iv) if applicable, the most recent determination or opinion letter received from the IRS, (v) all Material Contracts, including trust agreements, insurance Contracts, and administrative services agreements, as applicable, (vi) any actuarial valuations, and (vii) all non-routine communications about such Benefit Plan from a Governmental Authority or to an Employee within six (6) years. For purposes of this Section 5.14(a), any individual employment, severance or other compensation arrangement with an Employee, and any severance, retention, incentive or other compensation programs applicable to Employees, shall be deemed to be material.

(b) Except as set forth on Section 5.14(b) of the Company Disclosure Schedule, each HNE Benefit Plan has been maintained and administered in all material respects in compliance with its terms and the applicable requirements of ERISA, the Code, and any other applicable Laws. No event has occurred which will or could reasonably be expected to cause any such HNE Benefit Plan to fail to comply with such requirements, and no notice has been issued by any Governmental Authority questioning or challenging such compliance. All contributions that are due from the Companies to an HNE Benefit Plan have been made within the time periods, if any, prescribed by ERISA and the Code, and all contributions for any period ending on or before the Closing that are not yet due have been made to each such plan or accrued in accordance with the past custom and practice and any applicable accounting requirements.

(c) Each HNE Benefit Plan that is intended to be qualified under Section 401(a) of the Code has received a favorable determination letter from the IRS or is the subject of a favorable opinion letter from the IRS on the form of such HNE Benefit Plan and the Tax-exempt status of any trust which forms a part of such plan under Section 501(a) of the Code, and, to Baystate Health's Knowledge, no event has occurred which will or could reasonably be expected to adversely affect such qualification.

(d) There have been no acts or omissions by the Companies or, to the Companies' Knowledge, any of its ERISA Affiliates which have given rise to or could reasonably be expected to give rise to any material interest, fines, penalties, Taxes or related charges under Section 502 of ERISA or Chapters 43, 47, 68 or 100 of the Code for which the Companies may be liable. The Companies, and each HNE Benefit Plan that is a "group health plan" as defined in Section 733(a)(1) of ERISA, complies in all material respects, as applicable, with the Patient Protection and Affordable Care Act, Pub. L. No. 111-148 ("PPACA"), the Health Care and Education Reconciliation Act of 2010, Pub. L. No. 111-152 ("HCERA"), and the regulations issued thereunder (collectively, with PPACA and HCERA, the "Health Care Reform Laws"). No event has occurred, and, to the Companies' Knowledge, no conditions or circumstance exists, that would reasonably be expected to subject any of the Companies or any HNE Benefit Plan, to material penalties or excise Taxes under Sections 4980A through 4980I of the Code or any other provision of the Health Care Reform Laws. No actions, investigations, suits or claims with respect to any HNE Benefit Plan are pending or, to the Companies' Knowledge, threatened, and there are

no facts that reasonably would be expected to give rise to any such actions, suits or claims against any HNE Benefit Plan, any fiduciary thereto or the assets thereof. All assets of each HNE Benefit Plan consist exclusively of cash and actively traded securities.

(e) Except as set forth on Section 5.14(e) of the Company Disclosure Schedule, none of the Companies nor any of their ERISA Affiliates has, or has had, any Liability with respect to a Multiemployer Plan or a plan that is subject to Title IV of ERISA. No HNE Benefit Plan is or has ever been (i) a multiple employer plan (within the meaning of Section 413(c) of the Code), (ii) a multiple employer welfare arrangement (within the meaning of Section 3(40) of ERISA), (iii) a funded health or welfare plan or “voluntary employees’ beneficiary association” (as defined in Section 501(c)(9) of the Code), (iv) a self-insured welfare plan, (v) a Multiemployer Plan or a plan subject to Title IV.

(f) None of the Companies have any current or projected Liability in respect of post-employment or retirement health or medical or life insurance benefits for retired, former or current employees, except for group health plan continuation coverage to the extent required by applicable Laws or coverage that continues through the end of the month in which termination of employment occurs.

(g) None of the Companies nor, to the Companies’ Knowledge any other “disqualified person” or “party in interest” (as defined in Section 4975(e)(2) of the Code and Section 3(14) of ERISA, respectively) has engaged in any non-exempt “prohibited transactions” (as defined in Section 406 of ERISA or Section 4975 of the Code) in connection with any HNE Benefit Plan.

(h) Each HNE Benefit Plan which is a “nonqualified deferred compensation plan” within the meaning of Section 409A of the Code has a plan document that satisfies the requirements thereof and has been operated and administered in compliance in all material respects with Section 409A of the Code and any proposed and final guidance under Section 409A of the Code. Each HNE Benefit Plan complies with in all material respects, or is exempt from, Section 457(f) of the Code. None of the Companies have, or reasonably could have, any liability with regard to Section 4960 of the Code except as which will be paid in the ordinary course of business prior to the Closing or is included in Company Indebtedness.

(i) Neither the execution and delivery of this Agreement nor the consummation of the Transaction will accelerate the time of vesting, funding or the time of payment, or increase the amount, of any compensation or benefits due to any Employee or any current or former director, officer, consultant or independent contractor of the Companies. None of the payments contemplated by the HNE Benefit Plans with respect to any Employee, officer, director, consultant or independent contractor of the Companies in connection with this Agreement and the Transaction would constitute excess parachute payments (as defined in Section 280G of the Code (without regard to subsection (b)(4) thereof)). No HNE Benefit Plan or Baystate Health Benefit Plan or any contract, agreement, plan, policy, or arrangement with any Employee, officer, director, consultant

or independent contractor of the Companies provides for a “gross-up” or similar payment in respect of any Taxes.

(j) No HNE Benefit Plan is subject to any laws other than those of the U.S. or any state, county or municipality in the U.S.

(k) Each HNE Benefit Plan may be terminated as of the Closing, or before or after the Closing, without resulting in any liability for any additional funding, contributions, penalties, premiums, fees, fines, excise Taxes, or any other charges or liabilities (other than normal costs of administering a plan termination).

Section 5.15 Employee and Labor Matters.

(a) As of the date hereof, Baystate Health has delivered to Point32Health a true, correct and complete list of each Employee and, in the case of each such Employee, the following information, if applicable, as of the date hereof: (i) name and title or position; (ii) date of hire or commencement of service; (iii) work location and name of employing entity; (iv) whether full-time or part-time and whether exempt or non-exempt; (v) whether covered by the terms of a collective bargaining or similar agreement, or a written employment agreement; (vi) whether absent from active employment or service and, if so, the date such absence commenced, the policy basis or legal basis for such absence and the anticipated date of return to active employment or active service; (vii) annual salary or base salary, and, if applicable, target annual bonus and other incentive compensation, such salary and other compensation data to include current information and such information for the prior twelve (12)-month period; (viii) vehicles provided by a Company or vehicle allowances; and (ix) accrued unused vacation, sick days and any other paid days off (the “Employee List”). No such Employee is or has been a “leased employee” within the meaning of Section 414(n) of the Code. The Employee List shall be updated (i) monthly and (ii) and no more than ten (10) days in advance of the anticipated Closing Date to reflect changes in the information contained in such list including new hires, terminations or other personnel changes occurring between the date hereof and the Closing Date.

(b) As of the date hereof, Baystate Health has delivered to Point32Health a true, correct and complete list of each individual independent contractor who provides services to a Company (or, with respect to the Business, Baystate Health or any of its other Subsidiaries) at a cost to the Companies in excess of Fifty Thousand Dollars (\$50,000) annually (each, a “Contractor”) and, in the case of each such independent contractor, the following information, if applicable, as of the date hereof: (i) name and description of services; (ii) date of commencement of service and term of engagement; (iii) work location and name of engaging entity; and (iv) compensation terms (the “Contractor List”). The Contractor List shall be updated as changes occur to the information contained in such list, to reflect new engagements, terminations or other changes occurring between the date hereof and the Closing Date.

(c) None of the Employees is represented by a Union, and no Union organizational campaign is, to the Companies’ Knowledge, pending or threatened with respect to any of the Employees and there have been no such efforts since the Look-Back Date. None of the

Companies (nor, with respect to any Employee, Baystate Health or any of its other Subsidiaries) is a party to, bound by, otherwise subject to or in the process of negotiating any collective bargaining agreement or similar labor-related Contract. No demand for recognition of any Employees has been made by or on behalf of any Union since the Look-Back Date and no petition has been filed, nor has any Proceeding been instituted, by any current or former Employee or group of current or former Employees with any labor relations board, commission or Governmental Authority seeking recognition of a collective bargaining representative since the Look-Back Date. No employee is represented by a Union with respect to his or her employment with the Companies.

(d) There are, and since the Look-Back Date there have been no, Proceedings pending or, to the Companies' Knowledge threatened, by or before any Governmental Authority against or affecting the Companies (or, with respect to the Business, Baystate Health or any of its other Subsidiaries) concerning employment-related matters (including any grievances or unfair labor practice charges) or brought by or on behalf of any current or former Employee or applicant or independent contractor of the Companies or (or, with respect to the Business, Baystate Health or any of its other Subsidiaries).

(e) Each of the Companies (and, with respect to the Business, Baystate Health or any of its other Subsidiaries) is, and since the Look-Back Date has been, in compliance in all material respects with all applicable Laws relating to employment and employment practices, terms and conditions of employment, worker classification and payment, wages and hours of work (including minimum wage, meal and rest breaks, vacation time, sick leave and work-related expense reimbursement), withholdings and deductions, occupational safety and health (including any COVID-19 Measures), collective bargaining, labor relations, disability rights or benefits, immigration and authorization to work (including the completion of Forms I-9s for all employees and the proper confirmation of employee visas, to the extent applicable), harassment, non-discrimination and non-retaliation in employment, equal opportunity, leaves of absences, eligibility for and payment of overtime, child labor, affirmative action, background checks and drug testing, pay equity, plant closings and mass layoffs (including the WARN Act), requirements applicable to employers who hold federal Contracts (including subcontractor agreements), workers' compensation, and unemployment compensation. Each of the Companies is (i) in material compliance with its obligations to withhold and report all amounts required by Law or by Contract to be withheld and to report with respect to wages, salaries, and other payments to current and former Employees, consultants, and independent contractors, (ii) not currently liable for any arrearage of wages or Taxes or any interest, fine, or penalty for failure to comply with any of the foregoing, other than with respect to de minimis amounts, and (iii) not materially liable for any payment to any trust or other fund governed by or maintained by or on behalf of any Governmental Authority with respect to unemployment compensation benefits, social security, or other benefits or obligations for current or former Employees.

(f) There is not currently pending, and since the Look-Back Date there have not been, any allegation of sexual or other form of harassment, discrimination or other sexual misconduct (each, an "Allegation") made against any current or former manager, officer, executive, Provider or other Employee at the level of Director or above of any Company (or, with

respect to the Business, Baystate Health or any of its other Subsidiaries) (each, a “Designated Service Provider”) during his or her tenure at a Company; (ii) since the Look-Back Date, neither the Companies, nor Baystate Health or any of its other Subsidiaries, has entered into a settlement agreement to resolve any Allegation; and (iii) to the Companies’ Knowledge, there are not any circumstances or conduct by any Designated Service Provider that could lead to material liability related to an Allegation.

(g) There is no pending or, to the Companies’ Knowledge, threatened labor strike, labor disruption or activity, material slowdown, lockout, work stoppage, handbilling, picketing, strike or material labor arbitration Proceeding against the Companies or with respect to any Employee, and there have been no such disruptions or activities since the Look-Back Date.

(h) The Companies have not since the Look-Back Date taken any action that could constitute a “mass layoff” or “plant closing” or could otherwise trigger notice requirement or Liability within the meaning of the WARN Act.

(i) To the Companies’ Knowledge, no current Employee at the level of Director or above or group of Employees has given notice of termination of employment or otherwise disclosed plans to terminate employment with any Company within the twelve (12) month period following the date hereof. No Employee at the level of Director or above is employed under a non-immigrant work visa or other work authorization that is limited in duration.

(j) The transfer of Employees to the Companies prior to the Closing as contemplated by Article VIII will not result in any Liability to the Companies, or give rise to any claim by an Employee for severance or other benefits that will not be satisfied by Baystate Health prior to the Closing.

Section 5.16 Environmental Matters.

(a) The Companies are in material compliance with all applicable Environmental Laws, including, but not limited to, possessing and complying with all Environmental Permits necessary for the current conduct and operation of the Business.

(b) None of the Companies have received any written notice from any Governmental Authority (i) alleging that the Companies do not possess any Environmental Permit required to own, lease, and operate its properties and assets or to conduct the Business as currently conducted or (ii) withdrawing, revoking, terminating, or suspending any of HNE’s Environmental Permits, in each case except as has been fully resolved.

(c) To the Companies’ Knowledge, the Companies have not released or exposed any Person to any hazardous or toxic substances or wastes on, into, or from any HNE Real Property or any other real property formerly leased, operated or occupied by the Companies, in each case, in violation of any applicable Environmental Laws or which has given rise to any Liabilities of the Companies or resulted in investigatory, corrective, or remedial obligations of the Companies pursuant to Environmental Laws.

Section 5.17 Taxes.

(a) All Income Tax Returns and other material Tax Returns of each of the Companies that are required to be filed under applicable Law have been timely and properly filed when due (taking into account any validly obtained extensions). Each such Tax Return is accurate and complete in all material respects and has been prepared in compliance in all material respects with applicable Law. All material Taxes owed by each of the Companies (whether or not shown as due on any Tax Returns) have been paid in full as required by applicable Law (whether or not shown as due on any Tax Return) or, in the case of Taxes not yet due and payable, are reflected as reserves on the most recent Financial Statements.

(b) Except as set forth on Section 5.17(b) of the Company Disclosure Schedule, each Company has complied in all material respects with all applicable Laws relating to the payment and withholding of material Taxes and has withheld and has paid over to the appropriate Governmental Authorities all amounts required to be so withheld and paid over under all applicable Laws, and each of the Companies has complied with all reporting and recordkeeping requirements in all material respects.

(c) No Proceeding by any Governmental Authority is pending or threatened in writing with respect to any Income Tax Return or other material Tax Return or Income Taxes or other material Taxes of the Companies. No deficiencies or proposed adjustment of Income Taxes or other material Taxes have been asserted or assessed by any Governmental Authority against any of the Companies, except those that have been satisfied by payment or otherwise resolved, and, to the Companies' Knowledge, there is no basis for any such claim to be made.

(d) There are no Liens for Taxes on any of the properties or assets of any of the Companies, except for Permitted Liens.

(e) No Company (i) is liable for the Taxes of any Person (other than a member of the HNE Holding Consolidated Group) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or non-U.S. Law), or as a transferee or successor, by Contract or otherwise or (ii) has ever been a member of an affiliated group within the meaning of Section 1504(a) of the Code (or any other consolidated, aggregate, combined, unitary, or similar group defined under a similar provision of state, local, or non-U.S. Law) for purposes of filing Income Tax Returns, except for the HNE Holding Consolidated Group.

(f) No Company has granted or been requested to grant any waiver of any statutes of limitations applicable to any Income Tax Returns or other material Tax Returns or assessment for Taxes that is currently in effect (except for extensions of time to file Tax Returns obtained in the ordinary course of business).

(g) No Company is a party to, is bound by, or has any obligation under any Tax sharing agreement, Tax allocation agreement, or Tax indemnification agreement (other than (i) any such agreement exclusively between one or more Companies or (ii) any such agreement, the primary of purpose of which does not relate to Taxes).

(h) During the two (2)-year period ending on the date of this Agreement, no Company has distributed stock of another Person, or had its stock distributed by another Person, in a transaction that was purported or intended to be governed in whole or in part by Section 355 or 361 of the Code.

(i) No Company has, or has ever had, a permanent establishment or other taxable presence in any country other than the country of its formation or incorporation, and no written claim has been made by a Governmental Authority in a jurisdiction where a Company does not file Tax Returns that such entity is or may be subject to taxation by that jurisdiction that has not been resolved.

(j) No Company has participated in any “listed transaction” as defined in Section 6707A of the Code (or any comparable or similar provision of U.S. state, local, or non-U.S. Law), (ii) “reportable transaction” under Section 6011 of the Code and the Treasury Regulations promulgated thereunder (or any comparable or similar provision of U.S. state, local, or non-U.S. Law), or (iii) “tax shelter” within the meaning of Section 6662 of the Code (or any comparable or similar provision of U.S. state, local, or non-U.S. Law).

(k) No private letter rulings, technical advice memoranda, voluntary disclosure agreement, or similar agreement or rulings have been requested, entered into or issued by any Governmental Authority with respect to the Companies. No Company has or entered into any binding agreement relating to Taxes with, the Internal Revenue Service or comparable Governmental Authority.

(l) The HNE Taxable Subsidiaries are members of a consolidated group for U.S. federal Income Tax purposes the common parent of which is HNE Holding Corporation.

(m) No Company will be required to include any material item of income or gain in, or exclude any material item of deduction or loss from, taxable income for a Post-Closing Tax Period as a result of any: (i) change in method of accounting made prior to the Closing Date for a Pre-Closing Tax Period, (ii) installment sale or open transaction disposition made prior to the Closing Date, (iii) deferred revenue accrued or prepaid amount received prior to the Closing Date, (iv) “closing agreement” as described in Section 7121 of the Code (or any corresponding or similar provision of state or local Income Tax Law) with any applicable Governmental Authority executed prior to the Closing Date, (v) intercompany transaction described in Treasury Regulations under Section 1502 of the Code (or any similar provision of U.S. state, local or non-U.S. Law) completed prior to the Closing Date, or (vi) the application of Section 337(d) of the Code or the Treasury Regulations thereunder.

(n) Section 5.17(n) on the Company Disclosure Schedule lists the U.S. federal Income Tax classification of the Companies.

(o) Since the Balance Sheet Date, no Company has made, changed or revoked any material Tax election, elected or changed any material method of accounting for Tax purposes, changed any annual Tax accounting period, settled any audit, assessment, dispute, Proceeding or

investigation in respect of material Taxes, surrendered any material Tax refund or any right to claim any material Tax refund, or filed any amended material Tax Return in a manner inconsistent with past practice.

(p) There is no unclaimed property or escheat obligation with respect to property or other assets held or owned by any of the Companies, and the Companies are in compliance in all material respects with applicable Law relating to unclaimed property or escheat obligations.

(q) No Company has executed a power of attorney with respect to any Tax, other than powers of attorney that are no longer in force or any power of attorney granted to accountants or payroll provider in the ordinary course in connection with the preparation and filing of Tax Returns.

(r) Except as set forth on Section 5.17(v) of the Company Disclosure Schedule, each of HNE and the HNE Tax-Exempt Subsidiary (i) is, and since its formation at all times has been, recognized by the Internal Revenue Service as an organization described in Section 501(c)(4) of the Code, (ii) is, and since its formation at all times has been, organized and operated exclusively to further social welfare purposes and (iii) has conducted its business and operations in a manner that has not adversely affected, and would not reasonably be expected to adversely affect, its federal tax-exempt status under Section 501(c)(4) of the Code. Each of HNE and the HNE Tax-Exempt Subsidiary is in compliance with all material IRS regulations, and the IRS has not taken, or, to the Companies' Knowledge, proposed to take, any action to revoke the federal tax-exempt status under Section 501(c)(4) of the Code of HNE or the HNE Tax-Exempt Subsidiary and has not notified HNE or the HNE Tax-Exempt Subsidiary of any inquiry concerning such entity's federal tax-exempt status under Section 501(c)(4) of the Code.

(s) Compensation provided by HNE and the HNE Tax-Exempt Subsidiary to their board members, officers, employees, and any "disqualified persons" as defined in Section 4958 of the Code, including any amounts paid in connection with the Transactions contemplated by this Agreement, is not in excess of the amounts permitted by federal or state laws and regulations, including the provisions of the Code pertaining to organizations described in Section 501(c)(4) of the Code (including Section 4958 of the Code), and all Treasury Regulations promulgated thereunder, and to the extent that any service provider of the Companies is a "disqualified person" for purposes of Section 4958 of the Code with respect to HNE or the HNE Tax-Exempt Subsidiary, the safe harbor described in Treasury Regulation section 53.4958-6 has been satisfied.

(t) No Company has (i) made any election to defer any payroll Taxes under Section 2302 of the CARES Act, (ii) taken, claimed, or applied for amounts of an employee retention tax credit under Section 2301 of the CARES Act, or (iii) taken out or sought any loan, received any loan assistance or received any other financial assistance, or requested any of the foregoing, in each case under the CARES Act.

(u) All payments by, to, or among the Companies and any related parties have complied with all applicable transfer pricing requirements imposed by any taxing authority (including pursuant to Section 482 of the Code or any similar provision of foreign, state or local Law) and the Companies and such related parties have complied with all related record keeping requirements.

(v) The total deferred revenue (or other deferred amounts) of the Companies, in respect of which Income Tax will be required to be paid by Point32Health, any of the Companies, or their Affiliates on or after the Closing Date, does not exceed Four Hundred Thousand Dollars (\$400,000).

For purposes of this Section 5.17, any reference to Company shall be deemed to include any Person that merged with or was liquidated or converted into such entity. Notwithstanding anything herein to the contrary, (i) the representations and warranties in Section 5.14, Section 5.15 and this Section 5.17 are the sole and exclusive representations and warranties of the Companies concerning Tax matters, and (ii) nothing in this Agreement (including this Section 5.17) shall be construed as providing a representation or warranty with respect to the existence, amount, expiration date or limitations on (or availability of) any Tax attribute (including methods of accounting or net operating losses) of the Companies from a Pre-Closing Tax Period in a Taxable period (or portion thereof) beginning on or after the Closing Date and (iii) (other than Sections 5.17(e), 5.17(g), 5.17(m), 5.17(o), 5.17(r), 5.17(s) and 5.17(v)) any indemnification for any breach of any representations and warranties regarding Taxes shall be limited to liability with respect to Pre-Closing Tax Periods.

Section 5.18 Proceedings and Orders.

(a) Except as set forth on Section 5.18(a) of the Company Disclosure Schedule, there are, and since the Look-Back Date, have been, no Proceedings pending or, to Companies' Knowledge, threatened against (including by any Governmental Authority) the Companies or any of their respective directors, officers, Employees, Representatives, or agents, in each case, in their capacities as such. Except as set forth on Section 5.18(a) of the Company Disclosure Schedule or as would not reasonably be expected to be material to the Companies (taken as a whole), since the Look-Back Date, there have been no Proceedings commenced by the Companies pending against any other Person. Except as set forth on Section 5.18(a) of the Company Disclosure Schedule or as would not reasonably be expected to be material to the Companies (taken as a whole), the operation of the Business of the Companies is not, and since the Look-Back Date, has not been, subject to any Order. The Companies are and have been in material compliance with all Orders applicable to the Companies set forth on Section 5.18(a) of the Company Disclosure Schedule. As of the date hereof, the Companies are not a party to or bound by any Contract to settle or compromise any Proceeding against it which has involved any obligation other than the payment of money or under which the Companies have any continuing Liability, except any such Proceeding as would not reasonably be expected to be material to the Companies (taken as a whole).

(b) There are no Proceedings pending or, to the Companies' Knowledge, threatened by or against the Companies or Baystate Health with respect to this Agreement, its Related Agreements or the Transaction and the transactions contemplated by the Related Agreements, if determined adversely to the Companies, would reasonably be expected to prevent or materially delay the consummation by the Companies of the Transaction and the transactions contemplated by the Related Agreements.

Section 5.19 Compliance with Laws; Illegal Payments.

(a) The Companies are not in breach or violation of, or default under, and have not at any time since the Look-Back Date been in breach or violation of, or default under: (i) their Organizational Documents or (ii) any applicable Health Care Law or Law in any material respect. None of the Companies, since the Look-Back Date, has received any notice, Order, complaint, claim, investigation or other written communication from any Governmental Authority or any other Person regarding any actual or alleged material violation of any Law or Order applicable to the Companies that individually or in the aggregate has resulted in or would reasonably be expected to be material to the Companies (taken as a whole). Since the Look-Back Date, in the conduct of its Business, none of the Companies nor any of their respective current directors or officers, in their capacity as such, has, directly or indirectly, given, or agreed to give, any illegal gift, contribution, payment or similar benefit to any Provider, governmental official or physician who was or is in a position to help or hinder the Companies (or assist in connection with any actual or proposed transaction) or made any illegal contribution, or reimbursed any illegal political gift or contribution made by any other Person, to any candidate for federal, state, local or foreign public office.

(b) None of the Companies nor any of their respective current directors or officers has been debarred, terminated, excluded or suspended from participation in any federal health care program (as defined at 42 U.S.C. § 1320a-7b(f)) or listed on the excluded individuals list maintained by the Office of the Inspector General of the U.S. Department of Health and Human Services ("OIG") or the General Services Administration System for Award Management. None of the Companies nor, to the Companies' Knowledge any of their respective directors or officers has engaged in any conduct that could reasonably be expected to result in such debarment, termination, exclusion or suspension by any Governmental Authority, and there are no Proceedings pending or, to Companies' Knowledge, threatened that could reasonably be expected to result in debarment, termination, exclusion or suspension by any Governmental Authority.

(c) Except as would not reasonably be expected to be material to the Companies (taken as a whole), (i) there is no Proceeding pending or, to the Companies' Knowledge, threatened, relating to the Companies' participation in any Payor program, and none of the Companies are subject to any audit, review or survey by any Payor other than the ordinary and customary audit, review or survey; and (ii) except as set forth on Section 5.19(c) of the Company Disclosure Schedule, there are no non-routine payment reviews, recoupment or Proceedings pending or, to Companies' Knowledge, threatened, before any Governmental Authority with respect to any Government-Sponsored Health Care Program.

(d) Except as disclosed in Section 5.19(d) of the Company Disclosure Schedule, since the Look-Back Date, no Payor has imposed any material fine or penalty, intermediate sanction or corrective action plan on the Companies, or has excluded, or, to Companies' Knowledge, threatened to exclude, any of the Companies from such Payor program. Except as would not, individually or in the aggregate, reasonably be expected to be material to the Companies (taken as a whole), since the Look-Back Date, no Government-Sponsored Health Care Program or any other Payor has alleged in writing that the Company has improperly retained an overpayment.

(e) Except as would not, individually or in the aggregate, reasonably be expected to be material to the Companies (taken as a whole), since the Look-Back Date, the Companies have timely filed (including prior to the expiration of extensions of time for filing) all filings and reports required by applicable Law with respect to the provisions of services by the Companies to applicable third-party Payors, including Government-Sponsored Health Care Programs. Except as disclosed in Section 5.19(f) of the Company Disclosure Schedule, to the extent applicable, all documentation submitted to and all services performed by the Companies for any Payor, including commercial Payors and Government-Sponsored Health Care Programs, and their agents have been prepared, submitted and performed, respectively, in all material respects in compliance with all material applicable rules, regulations, policies and procedures and Laws pertaining to the applicable Payor and applicable to the Companies.

(f) The Companies have implemented a process to verify the licenses of those professionals employed by the Companies required to be licensed under an applicable Law in connection with their employment, and each of the Employees of the Companies that is required to hold a license under an applicable Law holds a valid license to perform the services they are performing for the Companies.

(g) The Companies have a compliance program, processes, policies and procedures reasonably designed to ensure compliance with Health Care Laws applicable to the Business of the Companies in all material respects. The Companies have a process to check the OIG List of Excluded Entities and Individuals and the General Services Administration System for Award Management and state health care program exclusion and debarment lists to determine whether any of the following are an Ineligible Person.

(h) Since the Look-Back Date, the Companies have timely filed (taking into account permitted extensions timely obtained, if any) all material regulatory reports, schedules, statements, documents, filings, submissions, forms, registrations and other documents, together with any amendments required to be made with respect thereto, that the Companies were required to file with any Governmental Authority. Except as would not, individually or in the aggregate, reasonably be expected to be material to the Companies (taken as a whole), since the Look-Back Date, the Companies have timely paid (taking into account permitted extensions timely obtained, if any) all fees and assessments due and payable in connection therewith.

(i) The Companies have provided Point32Health with complete copies of reports issued by a Governmental Authority or accreditation organization on any surveys, inspections and audits of the Companies and the Business since the Look-Back Date. Except as would not, individually or in the aggregate, reasonably be expected to be material to the Companies (taken as a whole), the Companies have addressed the findings and deficiencies identified in such reports. None of the Companies has received written notice of any future surveys, inspections or audits of its Business by a Governmental Authority or accreditation organization, except as would be expected in the normal course.

(j) Since the Look-Back Date, none of the Companies' employed marketing staff or, to the Companies' Knowledge, none of contracted marketing personnel, has violated Health Care Laws applicable to the marketing or enrollment of health Plans under the Payor Contracts in any material respect. The compensation payable by the Companies, as applicable, to (i) its employed marketing staff and (ii) any third-party organization that the Companies use to sell its health Plans complies in all material respects with applicable Laws.

(k) Each of the Companies are in material compliance with all accreditation standards established by all self-regulatory organizations applicable to accreditations the Companies are required to have by Law, except as noncompliance would not reasonably be expected to be material to the Companies (taken as a whole).

Section 5.20 Insurance Matters.

(a) The Regulated Companies have provided correct and complete copies of the most recent market conduct examination reports and/or any similar reports of state insurance departments with respect to the Regulated Companies.

(b) To the extent required under Insurance Laws, all policies, binders, slips or other agreements of insurance and other agreements and materials that are issued or used in connection with the Business of the Regulated Companies, including applications, premium rates and reinsurance agreements, are on forms approved by applicable insurance regulatory authorities, or filed and not objected to by such authorities within the period provided for objection, or are of a type not required to be so filed or approved, and, in any case, not subsequently disapproved or required to be withdrawn or retired from issuance or use which have not been so withdrawn or retired. Any rates of the Regulated Companies required to be filed with or approved by any applicable Governmental Authority have been so filed or approved, and the rates applied by each of the Regulated Companies conform to the relevant filed or approved rates in all respects.

(c) All reinsurance treaties or agreements, including retrocessional agreements, to which any of the Regulated Companies is a party or under which any of the Regulated Companies has any existing rights, obligations or liabilities (the "Reinsurance Agreements") are in full force and effect. None of the Regulated Companies is in material default as to any provision thereof.

(d) With respect to any Reinsurance Agreement for which any Company is taking credit on its most recent statutory financial statements or has taken credit on any statutory financial statements from and after the Look-Back Date, (i) there have been no separate written or oral agreements between any of the Regulated Companies and the assuming reinsurer that would under any circumstances reduce, limit, mitigate or otherwise affect any actual or potential loss to the parties under any such Reinsurance Agreement, other than inuring contracts that are explicitly defined in any such Reinsurance Agreement, (ii) for each such Reinsurance Agreement entered into, renewed, or amended on or after the Look-Back Date, for which risk transfer is not reasonably considered to be self-evident, documentation concerning the economic intent of the transaction and the risk transfer analysis evidencing the proper accounting treatment is available for review by the domiciliary state insurance departments for each of the Regulated Companies, and (iii) each of the Regulated Companies has and has had from and after the Look-Back Date, appropriate controls in place to monitor the use of reinsurance.

(e) Prior to the date of this Agreement, the Regulated Companies have made available to Point32Health a correct and complete copy of the actuarial report prepared by actuaries, independent or otherwise regarding the most recent loss reserve analysis done and SOC Reports, with respect to the Party or any of its Subsidiaries since the Look-Back Date, and all attachments, addenda, supplements and modifications thereto (the “Actuarial Analyses”). Each Actuarial Analysis was based upon an accurate inventory of policies in force for the Party or any of its Subsidiaries, as the case may be, at the relevant time of preparation and was prepared in conformity with generally accepted actuarial principles in effect at such time, consistently applied (except as may be noted therein).

(f) All annual statements and quarterly statements of the Regulated Companies filed with Governmental Authorities for the year ended December 31, 2022 and all quarterly statements of the Regulated Companies filed with Governmental Authorities for the quarters ended March 31, 2023, June 30, 2023, and September 30, 2023 are available to Point32Health (the “State Regulatory Filings”). Except as otherwise set forth in such State Regulatory Filings when made, all such State Regulatory Filings and the statutory balance sheets and income statements included therein (i) were prepared from the books and records of the Regulated Companies, (ii) fairly present the statutory financial condition and results of operations of the Regulated Companies, as of the date and for the periods indicated therein, and (iii) have been prepared in accordance with SAP consistently applied throughout the periods indicated, except as may be reflected in the notes thereto and subject to the absence of notes where not required by SAP and to normal year-end adjustments.

(g) HNE Advisory is authorized to operate in the Commonwealth of Massachusetts as a third-party administrator and, since the Look-Back Date, has timely filed all annual reports required to be filed by third-party administrators operating within the Commonwealth of Massachusetts with all Governmental Authorities. Since the Look-Back Date, HNE Advisory has not engaged in any unlicensed or unregistered activity in any jurisdiction, including the Commonwealth of Massachusetts and the States of Connecticut and New Hampshire.

Section 5.21 Accounts Receivable and Accounts Payable.

(a) All accounts receivables, premium receivables and risk adjustment receivables of the Companies and other receivables reflected on the Financial Statements and those arising in the ordinary course of business arising after the date thereof (i) are calculated in accordance with Agreed Accounting Principles, (ii) have arisen from bona fide, arm's length transactions by the Companies in the ordinary course of business, (iii) are not subject to any setoffs and (iv) have not been factored or sold. Except as provided in Section 5.21(a) of the Company Disclosure Schedule, all accounts receivable reflected in the Interim Balance Sheet are good and collectible in the ordinary course of business at the aggregate recorded amounts thereof, net of any applicable allowance for doubtful accounts reflected in the Interim Balance Sheet, which allowance was calculated in accordance with Agreed Accounting Principles.

(b) All accounts payable and medical claims payables of the Companies and other payables reflecting in the Financial Statements, and those arising in ordinary course of business arising after the date hereof, are calculated in accordance with Agreed Accounting Principles, and have arisen from bona fide, arm's-length transactions in the ordinary course of business.

Section 5.22 HIPAA.

(a) Each of the Companies operates, and since the Look-Back Date has operated, its Business in material compliance with the applicable privacy, security, transaction standards, breach notification, and other applicable provisions and requirements of HIPAA. Without limiting the generality of the foregoing, the Companies (i) have implemented and enforce policies and procedures as mandated by HIPAA, (ii) have taken reasonable and appropriate steps, as required by HIPAA, to secure Protected Health Information in its possession, including implementing reasonable safeguards that are designed to secure Protected Health Information maintained in its information technology system against intrusion and has not suffered any material Breach of Unsecured Protected Health Information or material Security Incident (as such terms are defined under HIPAA), (iii) materially comply, to the extent applicable, with all HIPAA requirements, (iv) have remediated to reasonable and appropriate levels any material risks to electronic Protected Health Information identified in any HIPAA security risk assessment performed pursuant to 45 C.F.R. § 164.308(a)(1)(ii)(A), (v) have implemented workforce (as defined under HIPAA) training programs as required by HIPAA, and (vi) have entered into, and are in material compliance with, business associate agreements and business associate subcontractor agreements as necessary to comply with the applicable requirements of HIPAA. The Companies do not use information from their Enrollees in an unlawful manner or in a manner that violates the privacy rights of their Enrollees, including their Enrollees' rights under HIPAA or other Information Privacy and Security Laws. Since the Look-Back Date, except as disclosed in Section 5.22(a) of the Company Disclosure Schedule, none of the Companies have experienced a breach of the security of, or material security incident involving, individually identifiable health information or personally identifiable information requiring it under applicable Laws to report such breach to any Governmental Authority, or five hundred (500) or more individuals affected

individuals. None of the Companies are subject to a corporate integrity agreement, consent order or similar agreement with any Governmental Authority.

(b) The Companies have performed security risk assessments in accordance with HIPAA at 45 C.F.R. § 164.308(a) (1)(ii)(A).

(c) Since the Look-Back Date, none of the Companies are subject to any Orders, nor are any Orders pending or, to Companies' Knowledge, threatened against the Companies or their respective "workforces" (as defined under HIPAA) regarding or relating to processing of Personal Information.

Section 5.23 Payor Contracts. One or more Company is a party pursuant to one or more valid agreements with CMS or EOHHS authorizing its participation as a Medicare Advantage organization or Medicaid contractor, as applicable. To the Companies' Knowledge, neither EOHHS nor CMS is seeking to terminate, assume temporary management, cancel or challenge the validity or enforceability of, suspend enrollment or payment under any Payor Contract, and neither has Baystate Health nor the Companies received any written or oral communication from EOHHS or CMS relating to any such potential termination, cancellation, challenge, temporary management or suspension.

Section 5.24 Enrollees. The books and records to be delivered to Point32Health will contain all material information that the Companies are required to maintain or are required to submit to a Governmental Authority under the terms of their Contracts with Payors (and applicable Laws, rules and regulations), and all such material information delivered to Point32Health will be, upon delivery, correct and complete in all material respects to the extent a Company was not reliant on a third party for the information.

Section 5.25 Related Party Transactions. Except as set forth on Section 5.25 of the Company Disclosure Schedule, no officer, director, Affiliate or Employee of the Companies, nor any individual in any such officer's, director's, Affiliate's or Employee's immediate family, (a) is a party to any Contract with the Companies, (b) has an interest in any property (real or personal, tangible or intangible) owned, leased, or licensed by the Companies or otherwise primarily used in the conduct of the Business, (c) provides any goods or services to the Companies (other than in such Person's capacity as an officer, director, or Employee of the Companies), or (d) has an interest in any Person that is a customer of, or supplier or vendor to, the Companies.

Section 5.26 Bank Accounts. Section 5.26 of the Company Disclosure Schedule sets forth a correct list of all bank accounts, safe deposit boxes, and lock boxes maintained by or on behalf of the Companies and the Persons authorized to sign or otherwise act with respect thereto.

Section 5.27 Insurance. Section 5.27 of the Company Disclosure Schedule sets forth a true, complete, and correct list of each insurance policy owned, held or maintained by, or for the benefit of, the Companies (collectively, the "Insurance Policies"). The Companies have provided to Point32Health true, complete and correct copies of all of the Insurance Policies. All of the Insurance Policies are valid, in full force and effect, and enforceable, all premiums thereunder have

been paid in full, and no notice of cancellation, termination, material premium increase or material alteration of coverage has been received by the Companies with respect to any of the Insurance Policies. There are no material claims pending under any of the Insurance Policies that have been denied, rejected or disputed by any insurer. Taken together, the Insurance Policies are sufficient for compliance with all (a) applicable Laws and (b) applicable Contracts to which any of the Companies is a party or by which the Companies or any of its properties or assets is bound. The scope and level of coverage of the Insurance Policies are reasonable and customary in comparison to the scope and coverage by similar companies operating in similar lines of business to the Companies. The Companies are, and since the Look-Back Date have been, in material compliance with all requirements to maintain insurance under Laws to the extent applicable to the operations, activities or services of the Companies or their Business and Orders pursuant to such Laws applicable to the Companies or the Business of the Companies.

Section 5.28 Brokers. Except as provided in Section 5.28 of the Company Disclosure Schedule, no broker, finder, or investment bank is entitled to any brokerage, finder's, or similar fee or commission in connection with the Transaction and the transactions contemplated by the Related Agreements based upon arrangements made by or on behalf of the Companies for which the Companies would be liable.

Section 5.29 Sanctions. None of the Companies nor any of their respective directors or officers or, to Companies' Knowledge, employees or agents is the target of any economic or financial sanctions administered or enforced by the U.S. government, including the U.S. Department of State and the Office of Foreign Assets Control of the U.S. Department of the Treasury ("Sanctions"). Sanctions. The Companies are presently and have been, since the Look-Back Date, in compliance with applicable Anti-Corruption Laws and Sanctions.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF POINT32HEALTH

Except as set forth in the Point32Health Disclosure Schedule (which qualifies (i) the correspondingly numbered representation, warranty or covenant if specified therein and (ii) such other representations, warranties or covenants where its relevance as an exception (or disclosure for purposes of) such other representation, warranty or covenant is reasonably apparent on the face of disclosure), Point32Health represents and warrants to Baystate Health and the Companies as of the date hereof and as of the Closing Date (except in the case of representations and warranties that are made as of a specified date, in which case such representations and warranties will be true and correct as of such specified date), as follows:

Section 6.1 Organization and Good Standing. Point32Health is validly existing and in good standing (or its equivalent) under the Laws of its jurisdiction of formation.

Section 6.2 Powers; Consents; No Conflicts. Point32Health has the requisite power and authority to execute, deliver, and perform this Agreement and its Related Agreements, and to conduct its business as is now being conducted. The execution, delivery, and performance of this

Agreement and its Related Agreements by Point32Health, and the consummation by Point32Health of the Transaction:

(a) Are within the corporate powers and authority of Point32Health to perform on its behalf, are not in contravention of the terms of the Organizational Documents of Point32Health, and have been duly authorized by all appropriate corporate actions, which remain in full force and effect;

(b) Do not and will not require any Consent of or with any Governmental Authority, other than the Consents set forth in Schedule 6.2(b) of the Point32Health Disclosure Schedule; and

(c) Will not violate any judgment, decree, writ, or injunction of any Court or Governmental Authority to which it may be subject.

Section 6.3 Proceedings. Except as set forth in Section 6.3 of the Point32Health Disclosure Schedule, there are no Proceedings pending or, to Point32Health's Knowledge, threatened by or against Point32Health, or any of their respective Affiliates or any of their respective Representatives in their capacities as such with respect to this Agreement or any of its Related Agreements or the Transaction and the transactions contemplated by the Related Agreements or that, if determined adversely to Point32Health or any of its Affiliates, would reasonably be expected to prevent or materially delay the consummation by Point32Health of the Transaction and the transactions contemplated by the Related Agreements.

Section 6.4 Sufficiency of Funds. At Closing, Point32Health will have sufficient funds available to pay the Total Consideration, any expenses incurred by Point32Health in connection with the Transaction and the transactions contemplated by the Related Agreements. The obligations of Point32Health under this Agreement are not contingent on the availability of financing.

Section 6.5 Brokers. Except as set forth in Section 6.5 of the Point32Health Disclosure Schedule, no broker, finder, or investment bank is entitled to any brokerage, finder's, or other fee or commission in connection with the Transaction and the transactions contemplated by the Related Agreements based upon arrangements made by or on behalf of Point32Health.

ARTICLE VII

PRE- AND POST-CLOSING COVENANTS AND AGREEMENTS

Section 7.1 Access to Information. Subject to applicable Law, including Antitrust Law and HIPAA, from the date of this Agreement until the Closing Date, the Companies shall use commercially reasonable efforts to (a) furnish to Point32Health and its Representatives with such financial, operating, human resources/employee and other data and information as Point32Health or its Representatives may reasonably request (which shall include Point32Health's right to conduct a general information technology assessment of the Companies in accordance with the

terms of this Section 7.1), (b) give Point32Health and its Representatives reasonable access, upon reasonable advance notice and during normal business hours, to the offices, facilities, properties, books, and records of the Companies, (c) provide Point32Health (i) in advance of the Closing, copies of such information as is reasonably requested by Point32Health and its Representatives in order for Point32Health to assume operations on the Closing Date for the transition of the Enrollees, as applicable, and continuity of care and (ii) copies of such other information as is reasonably necessary for the operation, ownership and management of the Business or that is otherwise reasonably requested by Point32Health, and that Baystate Health is permitted by applicable Law to provide or which is required in writing to be provided to Point32Health by a Governmental Authority (and Baystate Health shall provide such written Consents and authorizations that are required to be obtained by Baystate Health as may be reasonably necessary for Point32Health to have access to materials on file with a Governmental Authority, including EOHHS, MA DOI, or CMS), including any information as may be required to permit Point32Health to satisfy its obligations to such Governmental Authorities following the Closing and (d) make such officers and Employees of the Companies available to Point32Health and its Representatives as they may from time to time reasonably request, in the case of each of clauses (a) - (d), solely in order for Point32Health to consummate Transaction; provided, however, that nothing herein shall require the Companies to disclose any information to Point32Health if such disclosure would, in the reasonable judgment of the Companies, (i) cause competitive harm to the Companies if the Transaction is not consummated, (ii) violate applicable Law or the provisions of any agreement to which any of the Companies is a party, or (iii) jeopardize any attorney-client or other legal privilege. The Companies shall have the right to have a Representative present during any inspections, interviews, and examinations conducted at the offices or facilities owned or leased by the Companies.

Section 7.2 Conduct of Business Pending the Closing. From the date of this Agreement until the Closing Date or the date on which this Agreement is validly terminated in accordance with Article XI, except (w) as set forth in Attachment 7.2 attached hereto, (x) as otherwise expressly required (or expressly prohibited) by this Agreement, or as expressly permitted pursuant to this Section, (y) as may be required by applicable Law or otherwise as required by a Governmental Authority of competent jurisdiction or to comply with any request from a Governmental Authority, or (z) to the extent Point32Health otherwise Consents in writing (which Consent shall not be unreasonably withheld, delayed or conditioned), the Companies shall (i) operate the Business in the ordinary course of business consistent with past practice and (ii) use commercially reasonable efforts to maintain and preserve intact their current business organizations, operations, assets and properties and to preserve the rights, goodwill and relationships of, and with, the Business of the Companies and their Providers, Payors and Enrollees (taken as a whole and not with respect to such Persons individually). Without limiting the generality of the foregoing, except (w) as set forth in Attachment 7.2, (x) as otherwise expressly required (or expressly prohibited) by this Agreement, or as expressly permitted pursuant to this Section, (y) as may be required by applicable Law or otherwise as required by a Governmental Authority of competent jurisdiction or to comply with any request from a Governmental Authority, or (z) to the extent Point32Health otherwise Consents in writing (which Consent shall not be unreasonably withheld, delayed or conditioned), prior to the Closing, each Company shall not (and,

solely with respect to the Business, any Pre-Closing Contribution Intellectual Property, and/or Licensed Intellectual Property, as applicable, Baystate Health shall not, and shall not cause its Affiliates to):

- (a) amend the Organizational Documents of the Companies;
- (b) (i) sell, encumber, grant, transfer or dispose of any of their membership interests or stock in the Companies or (ii) grant any rights to purchase or otherwise acquire any of their membership interests or stock in the Companies;
- (c) (i) declare, set aside, or pay any distribution payable in cash or property (or any combination thereof) from a Company to Baystate Health or any of its Affiliates (other than the Companies) or (ii) pledge or donate any assets or property of the Companies, to any Person, including Baystate Health and any of its Affiliates (other than the Companies), in any case, outside of the ordinary course of business and consistent with past practices; provided, however, that the foregoing shall not be deemed to restrict the payment and/or settlement of intercompany amounts or require any modification to Baystate Health's cash management and collection practices as in existence on the date hereof;
- (d) sell, lease, transfer, or otherwise dispose of, or incur any Lien (other than a Permitted Lien) on any of the properties, assets or businesses of the Business, except for the sale, transfer, or disposition in the ordinary course of business consistent with past practice;
- (e) make or defer any capital expenditures of the Business in an aggregate amount of more than Five Hundred Thousand Dollars (\$500,000));
- (f) create, incur, guarantee, refinance, assume or otherwise become liable for any Indebtedness for borrowed money with respect to the Business, except for (i) any Indebtedness or Liabilities incurred in the ordinary course of business, (ii) intercompany Indebtedness, or (iii) to finance acquisitions or investments permitted under clause (h);
- (g) enter into any transaction between any of the Companies, on the one hand, and Baystate Health or any of its Affiliates, on the other hand, that (i) is not on an arm's-length basis or is not in the ordinary course of business and (ii) would be binding on any of the Companies, as applicable, after the Closing;
- (h) with respect to the Business, make any loans, advances, or capital contributions to, or investments in, any other Person (excluding respect to Affiliates in the ordinary course of business consistent with past practice);
- (i) acquire by a Company any business, membership interests, or all or substantially all assets of any other Person (whether by merger, consolidation, sale of membership interests, sale of assets, or otherwise);

(j) create any Subsidiary of a Company or enter into any joint venture, partnership, strategic alliance or similar relationship with respect to the Business;

(k) enter into any new line of business of a Company;

(l) grant any increase or decrease in the base salary or wages or other compensation or benefits payable to any current or former Employee or Contractor, in each case except, (i) base salary or hourly wage increases in the ordinary course of business and in a manner consistent with past practice to Employees whose annual base salary does not exceed Two Hundred Thousand Dollars (\$200,000) following such increase and that do not result in increased costs to any of the Companies in any calendar year of more than Two Million Seven Hundred and Fifty Thousand Dollars (\$2,750,000) in the aggregate for all such increases above the amount payable by the Companies in respect of the applicable Employees, during the prior calendar year, (ii) or (ii) as required by the terms of any existing Contract, HNE Benefit Plan, or collective bargaining agreement set forth on Section 5.15(a) of the Company Disclosure Schedule;

(m) except as set forth in Section 7.19 below and other than adoption of the restatement of the New England Executive Retirement Plan effective January 1, 2023, (i) adopt, amend, terminate or modify any HNE Benefit Plan (or any Benefit Plan that would be a HNE Benefit Plan if in effect as of the date of this Agreement) outside of the ordinary course of business, (ii) grant, pay or promise any bonus, severance, retention, change in control or other similar arrangement contingent upon the consummation of the Transaction with respect to Employees whose annual base salary exceeds Two Hundred Thousand Dollars (\$200,000), or (iii) hire, engage or terminate (other than for cause) the employment or engagement of any Employee or Contractor whose annual base salary exceeds Two Hundred Thousand Dollars (\$200,000), or (iv) except as contemplated by Article VIII, transfer the employment or engagement of any Employee or Contractor to any entity that is not a Company; provided, however, that nothing shall prohibit a Company from hiring and entering into compensation arrangements with new Employees or Contractors whose annual base salary is less or equal to than Four Hundred Thousand Dollars (\$400,000) in the ordinary course of business to fill vacancies on the same or substantially similar terms and at the same or substantially similar compensation as an applicable former Employee or Contractor in respect of which such vacancy is proposed to be filled;

(n) with respect to the Business, negotiate, extend, adopt, amend, modify or terminate any collective bargaining agreement or other Contract with a Union, except as required by applicable Law;

(o) with respect to the Business, take any action that would constitute a “mass layoff” or “plant closing” within the meaning of, or otherwise trigger notice requirements or liability under, the WARN Act;

(p) (i) amend or modify any material term of any Material Contract, or Provider Contract with a Key Provider, (ii) terminate, assign, not renew, extend, or waive any Material Contract, or Provider Contract with a Key Provider, or (iii) enter into a Contract that, if entered into prior to the date hereof, would have been a Material Contract, in each case of the foregoing

clauses (i), (ii) and (iii), other than (x) such amendments as may from time to time be required by any Governmental Authority or necessary to comply with any Law, or (y) such other new Contracts, amendments, modifications, terminations, assignments, non-renewals, extensions, or waivers made in the ordinary course of business, as are consistent with past practice, or as are not material;

(q) make any material change in any accounting principle, policy, or procedure used by a Company (for the avoidance of doubt, other than regarding Taxes, which shall be governed by paragraph (r) below), other than changes required by SAP, GAAP, or applicable Law;

(r) except as required by SAP, GAAP, or applicable Law, with respect to the Companies, make (except in the ordinary course of business and consistent with past practice), rescind or change any Income or other material Tax election, change (or request any Governmental Authority to change) any Income or other material Tax accounting method or annual Tax accounting period, file any amended Income or other material Tax Return, agree to any extension or waiver of the statute of limitations with respect to the assessment or determination of Income or other material Taxes (other than pursuant to extensions of time to file Tax Returns obtained in the ordinary course of business), enter into any closing agreement or other binding written agreement with any applicable Governmental Authority with respect to any Income or other material Taxes or any Tax sharing agreement, apply for any ruling with respect to Income or other material Taxes from any Governmental Authority, file any Income or other material Tax Return other than one prepared in a manner consistent with past practice except as otherwise required by applicable Law, surrender any right to claim or settle any claim with respect to any Income or other material Tax refund, or settle or compromise any Income or other material Tax Claim or assessment;

(s) materially accelerate or delay collection of any notes or accounts receivable of the Business in advance of or beyond their regular due dates or the dates when the same would have been collected in the ordinary course of business consistent with past practice;

(t) materially delay or accelerate payment of any account payable or other Liability of the Business beyond or in advance of its due date or the date when such Liability would have been paid in the ordinary course of business consistent with past practice;

(u) (i) settle or commence any material Proceeding with respect to the Business that (a) requires payments to be made following the Closing in excess of Five Hundred Thousand Dollars (\$500,000) in the aggregate or (b) restricts or imposes material obligations on any of the Companies following the Closing; or (ii) cancel any other debts owed to a Company or claims held by a Company in excess of Five Hundred Thousand Dollars (\$500,000) except with respect to intercompany Indebtedness or made in the ordinary course of business;

(v) sell, assign, transfer, lease, license, waive, abandon, encumber, allow to lapse, or otherwise dispose of any rights in or to any material HNE Intellectual Property or Licensed Intellectual Property, other than non-exclusive licenses in the ordinary course of business

consistent with past practices or expirations of registered HNE Intellectual Property or registered Licensed Intellectual Property in accordance with their statutory terms;

(w) with respect to a Company, adopt a complete or partial plan of liquidation, dissolution, restructuring, recapitalization, bankruptcy, suspension of payments, or other reorganization;

(x) voluntarily disclose any material trade secrets or confidential information included in HNE Intellectual Property or Licensed Intellectual Property to a third party other than pursuant to a confidentiality agreement;

(y) voluntarily fail to maintain, terminate, cancel or materially change coverage under any Insurance Policy or voluntarily fail to pay premiums or report known claims to its insurance carrier in a timely manner;

(z) take (or fail to take) any action that would adversely affect or would reasonably be expected to adversely affect the federal tax-exempt status of HNE or the HNE Tax-Exempt Subsidiary under section 501(c)(4) of the Code or result in any liability under sections 4958 or 4960 of the Code; or

(aa) agree to do, approve, or authorize any of the foregoing.

Without in any way limiting any Party's rights or obligations under this Agreement, the Parties understand and agree that (i) nothing contained in this Agreement shall give Point32Health, directly or indirectly, the right to control or direct the business operations of any of the Companies prior to the Closing and (ii) prior to the Closing, the Companies shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over the operations of the Business of the Companies.

Section 7.3 Consents and Approvals.

(a) On the terms and subject to the conditions of this Agreement, each Party shall use its reasonable best efforts to cause the Closing to occur as promptly as practicable after the date of this Agreement, including taking all reasonable actions necessary (i) to comply promptly with all legal requirements that may be imposed on it or any of its Affiliates with respect to the Closing, (ii) to obtain all Consents from, and give all notices to, third parties necessary or appropriate to permit the consummation of the Transaction, and (iii) to obtain or make each Consent of or with a Governmental Authority set forth on Section 4.3(a) of the Baystate Health Disclosure Schedule, Section 5.2(a) of the Company Disclosure Schedule, and Section 6.2(b) of the Point32Health Disclosure Schedule; provided, however, the Parties acknowledge and agree that the receipt or obtaining of such Consents is not a requirement for or a condition precedent to the consummation of the Transaction and the transactions contemplated by the Related Agreements, except to the extent expressly set forth in Article X of this Agreement; provided, further, that neither Party may make any agreement or understanding materially affecting the Companies or the Business as a condition for obtaining any such Consents except with the prior

Consent of the other Party. Additionally, each Party hereto shall use their respective reasonable best efforts to satisfy the closing conditions set forth in Article X hereof.

(b) In furtherance and not in limitation of the covenants of the Parties contained in this Section 7.3, the Parties shall (i) cooperate and consult with each other in (A) determining, as promptly as possible, whether any other filings or notifications are required to be made with, or actions or nonactions, waivers, expirations or terminations of waiting periods, clearances, Consents or Orders are required to be obtained from, any Governmental Authorities in connection with the execution and delivery of this Agreement and the consummation of the Transaction and the transactions contemplated by the Related Agreements and (B) timely making all filings and notifications and timely seeking all actions or nonactions, waivers, expirations or terminations of waiting periods, clearances, Consents or Orders required pursuant to this Section 7.3, and (ii) respond promptly to inquiries from any Governmental Authority in connection with any filings or notifications made pursuant to this Section 7.3 and supply as promptly as practicable such information or documentation as may be requested pursuant to the HSR Act or by any Governmental Authority.

(c) Without limiting the generality of the foregoing, the Parties shall as promptly as practicable, file with U.S. Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice the notification and report form required under the HSR Act with respect to the Transaction.

(d) In furtherance and not in limitation of the covenants of the Parties contained in this Section 7.3, subject to applicable legal limitations, each Party agrees to (i) furnish to the other Parties such information and assistance as the other Parties may reasonably request in connection with their preparation of any notifications or filings, (ii) keep the other Parties apprised of the status of matters relating to the completion of the Transaction, including promptly furnishing the other Parties with copies of notices or other communications received by such Party from, or given by such Party to, any third party or any Governmental Authority with respect to the Transaction, and (iii) permit the other Parties to review and in good faith consider incorporating the other Parties' reasonable comments in any communication to be given by it to any Governmental Authority with respect to any filings or notifications required to be made with, or actions or nonactions, waivers, expirations or terminations of waiting periods, clearances, Consents or Orders required to be obtained from, such Governmental Authority in connection with execution and delivery of this Agreement and the consummation of the Transaction. The Parties shall jointly develop, and shall consult and cooperate in all respects with one another, and consider in good faith the views of one another, in connection with the form and content of any analyses, appearances, presentations, memoranda, briefs, arguments, opinions, notices, filings and proposals made or submitted by or on behalf of any party, hereto in connection with Proceedings under or relating to any Governmental Authority, including any Antitrust Law, prior to their submission.

(e) Point32Health shall avoid and, if necessary, eliminate, impediments under applicable Law, including any Antitrust Law, that may be asserted by an Governmental Authority, so as to enable the Closing to occur no later than the Outside Date, including proposing,

negotiating, committing to and effecting, by consent decree, hold separate orders, or otherwise, the sale, divestiture, or disposition of Point32Health's or the Companies' respective assets or undertaking other structural or conduct relief or behavioral remedies as are necessary to obtain an approval under applicable Law, including any Antitrust Law; provided, however, notwithstanding anything to the contrary in this Agreement, including this Section 7.3, nothing in this Agreement shall require Point32Health or its Affiliates to take or refrain from taking any action, or to agree to any term, requirement, restriction, limitation, undertaking or condition (including any conditions that may be required by any Governmental Authority to obtain any Consent) that would apply to or affect, or would reasonably be expected to apply to or affect, the businesses, assets or properties of Point32Health or its Affiliates or the Business, that would, individually or in the aggregate, reasonably be expected to result in Losses to Point32Health, its Affiliates or the Business, collectively, that exceed One Hundred Fifty Million Dollars (\$150,000,000) (any such action, term, requirement, restriction, limitation, undertaking or condition, as modified by the foregoing exclusion, a "Point32Health Burdensome Condition").

(f) Neither Point32Health nor Baystate Health shall (i) acquire or agree to acquire any rights, assets, business, Person or division thereof (through acquisition, license, joint venture, collaboration or otherwise), or (ii) take any other action between the date hereof and through and including the Closing Date (other than an action taken by either Party in the ordinary course of business in the operation of its existing business), in each case, in the Commonwealth of Massachusetts or State of Connecticut, if such acquisition or other action would reasonably be expected to materially increase the risk of not obtaining any Consents required under any applicable Law.

Section 7.4 Notification of Certain Matters.

(a) From the date of this Agreement until the earliest of termination of this Agreement in accordance with Article XI and the Closing Date, Baystate Health and each of the Companies, on one hand, and Point32Health, on the other hand, shall give the other prompt written notice of (i) any event, change, or occurrence that (A) causes, or would reasonably be expected to cause, any representation or warranty of such Party set forth in this Agreement to be untrue or inaccurate in any material respect, (B) causes, or would reasonably be expected to cause, such Party to fail to perform or comply with in any material respect any covenant or Agreement of such party in this Agreement, or (C) renders satisfaction of the conditions in Section 10.1 or Section 10.2 impossible or unlikely; (ii) any Proceeding commenced or, to Companies' Knowledge, or Point32Health's Knowledge, as applicable, threatened against, relating to, involving or otherwise affecting such Party by a Governmental Authority with authority over the Companies and whose approval is required to effect the Transaction and the transactions contemplated by the Related Agreements with respect to (A) the Transaction and the transactions contemplated by the Related Agreements or (B) the Business; and (iii) any written notice or other communication from any such Governmental Authority threatening or seeking to prevent the Transaction and the transactions contemplated by the Related Agreements or that otherwise would reasonably be expected to prevent or materially impede the Transaction and the transactions contemplated by the

Related Agreements, other than in the ordinary course of business or that does not relate to the Transaction and the transactions contemplated by the Related Agreements.

(b) Not in limitation of the foregoing, until the Closing, Baystate Health and the Companies shall, as soon as possible after discovery (but at least fifteen (15) Business Days before the Closing Date), deliver to Point32Health written notice updating the Baystate Health Disclosure Schedule or Company Disclosure Schedule, as applicable, to reflect any event occurring, or fact, circumstance, or condition arising, after the Execution Date that, if such event occurred, or such fact, circumstance, or condition existed, before or on the Execution Date, would have been required to be disclosed in the Baystate Health Disclosure Schedule or Company Disclosure Schedule, as applicable, to render the applicable representation and warranty true and accurate in all material respects (each, a “Disclosure Schedule Update”).

(c) If Point32Health, in its reasonable discretion, determines that it should not consummate the Transaction because of any information in a Disclosure Schedule Update, and such Disclosure Schedule Update contains information that is, or would reasonably be expected to be, material and adverse to Point32Health and its Affiliates, the Companies, or the Business, then Point32Health may terminate this Agreement with prompt written notice given to Baystate Health (but, in any event, within thirty (30) calendar days after Point32Health’s receipt thereof) without any liability to Baystate Health or the Companies.

(d) Notwithstanding the foregoing, if Point32Health has not exercised its termination rights under Section 7.4(c), then a Disclosure Schedule Update will, for all purposes under this Agreement, modify the corresponding Disclosure Schedule, qualify the representations and warranties in this Agreement corresponding to such Disclosure Schedule, and cure any inaccuracy in or breach of representation or warranty that otherwise would have existed had such matter not been disclosed.

Section 7.5 Exclusivity. From the date of this Agreement until the Closing Date, Baystate Health and its Affiliates shall not, and shall not authorize or permit any of their respective Representatives to, directly or indirectly, (a) solicit, initiate, encourage, facilitate or continue inquiries regarding the submission of any proposal or offer from any other Person relating to a potential business combination with or acquisition of the Companies or the Business (whether by way of merger, purchase of membership interest, purchase of assets, or otherwise) or any portion of the membership interest, stock, or assets of the Companies (a “Competing Transaction”), (b) participate in, enter into or continue any activities, discussions, negotiations or Agreements regarding a Competing Transaction, or (c) provide information regarding the Companies or the Business of the Companies to, or enter into or agree to enter into any Contract with, any Person, other than Point32Health and its Representatives, in connection with a possible Competing Transaction with such Person. In furtherance of the foregoing, from the date of this Agreement until the Closing Date, Baystate Health and its Affiliates shall not affirmatively solicit a Competing Transaction at the direction of the board of directors of Baystate Health or an Affiliate, as applicable (together with any such solicitation or any affirmative commitment to solicit a Competing Transaction pursuant to the requirements of or undertaken as a result of any Order, a

“Prohibited Solicitation”). Baystate Health and the Companies shall, and shall cause their Representatives to, immediately cease and/or cause to be terminated any existing activities, discussions, and negotiations with any other Person with respect to, or that would reasonably be expected to lead to, a Competing Transaction. Baystate Health and the Companies shall promptly notify Point32Health of the receipt by Baystate Health, the Companies, or any of their Representatives of any firm proposal or offer from any other Person regarding a Competing Transaction.

Section 7.6 Non-Competition; Non-Solicitation.

(a) During the Restricted Period, Baystate Health shall not, and Baystate Health shall cause its controlled Affiliates not to, directly or indirectly, either for Baystate Health’s own benefit or for the benefit of any other Person, (i) engage in or compete with, or undertake any planning to engage in or compete with, the Restricted Business in the Territory in any capacity; (ii) have an interest in any Person that engages directly or indirectly in the Restricted Business in the Territory in any capacity, including as a partner, owner, shareholder, member, employee, principal, joint venturer, agent, trustee, volunteer, lender or consultant, except for Passive Investments; or (iii) knowingly induce or persuade any Provider, Enrollee, supplier, or licensor of the Business of the Companies who was such as of or within the twelve (12) months preceding the Closing and who is not Baystate Health or an Affiliate of Baystate Health to terminate or modify its business relationship with the Business of the Companies in a manner materially adverse to the Business of the Companies.

(b) For a period of three (3) years following the Closing, Baystate Health shall not, and Baystate Health shall cause its controlled Affiliates not to, directly or indirectly, solicit, for employment, recruit, offer employment, employ, engage as a consultant, hire, or retain the employment of any Employee or Dedicated Contractor who was such as of, or within six (6) months preceding, the Closing; provided, however, that nothing in this Section 7.6(b) shall prevent or prohibit Baystate Health or its Affiliates from interviewing, hiring, or employing any such Employee or Dedicated Contractor (i) who responds to a general solicitation (including, but not limited to, newspaper advertisements, industry publication advertisements, website postings, open house or job fair events, or employment searches by a third party search firm) which is not directed specifically to any such Employee or Dedicated Contractor or any employees of Point32Health or its Affiliates, (ii) whose employment or engagement with Point32Health or its Affiliates has been terminated (A) by Point32Health or its Affiliates or (B) by voluntary resignation, in either case, unrelated to any action or conduct by Baystate Health or its Affiliates in violation of this Section 7.6(b); provided, further, that, with respect to any such Employee at the level of Vice President or above, Baystate Health or its Affiliates may not employ any such Employee under this subsection (ii) until the expiration of ninety (90) days from such termination, or (iii) who initiates contact with Baystate Health or its Affiliates entirely on his or her own initiative unrelated to any action or conduct by Baystate Health or its Affiliates in violation of this Section 7.6(b).

(c) For a period of three (3) years following the Closing, Point32Health shall not, and Point32Health shall cause its Affiliates not to, directly or indirectly, solicit, for

employment, recruit, offer employment, employ, engage as a consultant, hire, or retain the employment of any of those individuals set forth on Attachment 7.6(c); provided, however, that nothing in this Section 7.6(c) shall prevent or prohibit Point32Health or its Affiliates from interviewing, hiring, or employing any such individual (i) who responds to a general solicitation (including, but not limited to, newspaper advertisements, industry publication advertisements, website postings, open house or job fair events, or employment searches by a third party search firm) which is not directed specifically to any such individual or any employees of Baystate Health or its Affiliates, (ii) whose employment or engagement with Baystate Health or its Affiliates has been terminated (A) by Baystate Health or its Affiliates or (B) by voluntary resignation, in either case, unrelated to any action or conduct by Point32Health or its Affiliates in violation of this Section 7.6(c); provided, further, that Point32Health or its Affiliates may not employ any such individual under this subsection (ii) until the expiration of ninety (90) days from such termination, or (iii) who initiates contact with Point32Health or its Affiliates entirely on his or her own initiative unrelated to any action or conduct by Point32Health or its Affiliates in violation of this Section 7.6(c).

(d) Each Party acknowledges that a breach or threatened breach of this Section 7.6 will give rise to irreparable harm to the other Party, for which monetary damages will not be an adequate remedy, and hereby agrees that, in the event of a breach or a threatened breach by such defaulting Party of any such obligations, the non-defaulting Party shall, in addition to any and all other rights and remedies that may be available to it in respect of such breach, be entitled to equitable relief, including a temporary restraining order, an injunction, specific performance, and any other relief that may be available from a Court of competent jurisdiction, without the necessity of posting bond.

(e) Each Party acknowledges that the restrictions contained in this Section 7.6 are reasonable and necessary to protect the legitimate interests of each Party and constitute a material inducement to each Party to enter into this Agreement and consummate the Transaction and the transactions contemplated by the Related Agreements. In the event that any covenant contained in this Section 7.6 should ever be adjudicated to exceed the time, geographic, product or service or other limitations permitted by applicable Law in any jurisdiction, then any Court is expressly empowered to reform such covenant, and such covenant shall be deemed reformed, in such jurisdiction to the maximum time, geographic, product or service or other limitations permitted by applicable Law. The covenants contained in this Section 7.6 and each provision hereof are severable and distinct covenants and provisions. The invalidity or unenforceability of any such covenant or provision as written shall not invalidate or render unenforceable the remaining covenants or provisions hereof, and any such invalidity or unenforceability in any jurisdiction shall not invalidate or render unenforceable such covenant or provision in any other jurisdiction. Each Party acknowledges and agrees that the applicable restrictive covenant period in this Section 7.6 shall be tolled, and shall not run, during the period of any breach by the defaulting Party of the covenants contained in this Section 7.6. No breach of any provision of this Agreement shall operate to extinguish the defaulting Party's obligations to comply with this Section 7.6.

(f) Notwithstanding anything to the contrary herein, Point32Health acknowledges and agrees that Baystate Health and its Affiliates operate and intend to continue operating a consumer care business and that the foregoing shall in no way restrict, limit or impose any obligations on, or seek to restrict, limit or impose any obligations on, the operation by Baystate Health and its Affiliates of such business.

Section 7.7 Transition Planning. From the date hereof until the earlier of termination of this Agreement in accordance with Article XII or the Closing, Baystate Health shall use commercially reasonable efforts to cooperate with Point32Health as may be reasonably requested by Point32Health from time to time to develop and implement an integration and transition plan for the Business of the Companies and certain Protected Health Information held by the Parties. Without limiting the generality of the foregoing, Point32Health and Baystate Health shall use commercially reasonable efforts to develop and implement a mutually agreeable communications plan with respect to the Enrollees and Providers, and communications by Baystate Health with Enrollees with respect to the Transaction shall be conducted in accordance with any such communication plan in reasonable consultation with Point32Health.

Section 7.8 Enrollee Grievances. The Companies shall provide Point32Health a summary of all material grievance (including, but not limited to, grievance and fair hearing proceedings or appeals) received by the Companies from an Enrollee from the date of this Agreement until Closing. Such summary shall include a general description of the nature and disposition of each such grievance.

Section 7.9 Post-Closing Audits.

(a) Conduct of Audit; Communications. Subject in all respects to Article XII, Point32Health and its Representatives shall manage in a commercially reasonable manner all aspects of any actual audit commenced by a Governmental Authority of financial, care management, member administrative or market conduct of the Companies (for the avoidance of doubt, other than with respect to Taxes, which shall be governed by Section 9.1(h)) that (i) arises after the Closing and (ii) relates to the conduct of the Business before the Closing, including but not limited to (A) any agreements material to the provision of and reimbursement for Business activities occurring after the Closing (including but not limited to all communications with CMS, whether written or oral, (including letters, emails, phone calls, video calls, and in-person meetings)) and (B) any inspections of a Company's premises and records for six (6) years from the final date of any Payor Contract period from the date of completion of any audit, whichever is later (a "Post-Closing Audit").

(b) Payments Adjustment.

(i) Notwithstanding Section 7.9(a), with respect to any payments, adjustments, or settlements to amounts paid to a Company that relate to any periods of service ending on or prior to the Closing Date (including, but not limited to, adjustments to CMS capitation amounts applicable to Enrollees) that would result, or would reasonably be expected to result in, Risk-Based Capital and a Risk-Based

Capital Adjustment Amount (as set forth in the Proposed Final Post-Closing Statement) that differs from the estimated amount thereof set forth in the Estimated Closing Statement by an amount greater than Two Hundred and Fifty Thousand Dollars (\$250,000) (each, a “Payments Adjustment”), (A) Point32Health shall give prompt written notice of such Payments Adjustment to Baystate Health, and (B) Baystate Health, at its own expense, shall have the right to review and participate with counsel selected by it in any appeal Proceedings concerning a Payments Adjustment initiated by Point32Health, in its reasonable discretion, in accordance with applicable Payor appellate or administrative procedures (the “Appeal Proceedings”), subject to Point32Health’s right to control the Appeal Proceeding and, in its reasonable discretion, agree to any settlement amounts. The final judgment or determination by the applicable Payor of the amounts or items determined pursuant to the Appeal Proceedings will be final and binding on all Parties and will be used to determine the final Payments Adjustment.

(ii) During the period from the Closing through the determination of the Final Closing Balance Sheet and Final Closing Statement, with respect to any payments, adjustments, or settlements to amounts paid to a Company that relate to any periods of service ending on or prior to the Closing Date, Point32Health and its Affiliates shall operate the Business in the ordinary course consistent with the Companies’ past practices.

(c) Cooperation. Subject in all respects to Article XII, Baystate Health and its Representatives shall reasonably cooperate, as and to the extent requested by Point32Health and its Representatives, with respect to a Post-Closing Audit. Such cooperation shall include, among other things, using commercially reasonable good faith efforts to, upon Point32Health’s request, (i) provide reasonable access to books, records or other information that may be relevant to such Post-Closing Audit in accordance with any timelines communicated by the applicable Governmental Authority and (ii) cause Baystate Health’s Representatives to be available to provide such assistance as may be reasonably requested in connection with such Post-Closing Audit; provided, however, that the foregoing shall not apply to any dispute between the Parties regarding this Agreement, including pursuant to Article XII, or the Transaction and the transactions contemplated by the Related Agreements.

Section 7.10 Insurance Coverage. Prior to Closing, the Companies shall use commercially reasonable efforts to tender all known claims timely and completely to any Insurance Policies that could reasonably be expected to provide coverage for such claims in the format prescribed by the relevant Insurance Policy or Policies.

Section 7.11 Wrong Pocket.

(a) In the event that after the Closing, Baystate Health or any of its Affiliates receives any payment that is payable to the Business of the Companies under the terms of this Agreement or the Related Agreements, Baystate Health agrees to remit (or shall cause to be

remitted) any such payment to Point32Health or the Companies within five (5) Business Days. In the event that after the Closing, Point32Health or any of its Affiliates receives any payment that is payable to Baystate Health under the terms of this Agreement or the Related Agreements, Point32Health agrees to remit (or shall cause to be remitted) any such payment to Baystate Health within five (5) Business Days.

(b) In the event that after the Closing, Baystate Health or any of its Affiliates receives or otherwise possesses any asset that a Company is entitled to own and possess pursuant to this Agreement, Baystate Health shall promptly notify and transfer, or cause to be transferred, such asset to HNE or its designee within five (5) Business Days. In the event that after the Closing, any of the Companies receive or otherwise possess any asset that a Company is not entitled to own and possess pursuant to this Agreement, then Point32Health shall promptly notify and transfer, or cause to be transferred, such asset to Baystate Health or its designee within five (5) Business Days. Prior to any such transfer of assets pursuant to this Section 7.11(b), Baystate Health and Point32Health agree that the applicable Person who receives or possesses such asset shall hold such asset in trust for the Person who is entitled to own and possess such asset pursuant to this Agreement.

(c) Point32Health and Baystate Health shall cooperate with each other and shall establish procedures and notifications as are reasonably necessary to effectuate the transfers contemplated by this Section 7.11. For the avoidance of doubt, the transfer or assumption of any assets or payments under this Section 7.11 shall be effected without any additional consideration payable by any Party hereto.

Section 7.12 Required Shared Assets.

(a) Effective as of the Closing, Baystate Health shall, and shall cause its Affiliates other than the Companies to, assign, transfer, convey and deliver to one of the Companies designated by Point32Health, free and clear of any Liens, other than Permitted Liens, and the applicable Company shall assume the burdens and obligations that arise or are incurred after the Closing Date with respect to, all of the properties, assets, and rights owned, leased, or licensed by Baystate Health or any such Affiliate other than the Companies (other than the Pre-Closing Contribution Intellectual Property, which is addressed in Section 7.13, and other than any properties, assets, and rights that are the subject of the Transition Services Agreement as of the Closing) that (i) are primarily used in the Business immediately prior to the Closing and are necessary to operate the Business immediately following the Closing in substantially the same manner as the Business is operated as of immediately prior to the Closing, and (ii) set forth on Attachment 7.12(a), as it may be modified from time to time in accordance with this Section 7.12 (such properties, assets and rights, excluding any Excluded Assets, collectively the “Required Shared Assets”). If, prior to the Closing, Point32Health reasonably determines that any properties, assets, or rights constitute a Required Shared Asset but are not listed on Attachment 7.12(a), then (x) Point32Health shall promptly notify Baystate Health in writing of such determination, and (y) such properties, assets, or rights shall constitute a Required Shared Asset and be deemed to have been added to Attachment 7.12(a); provided, however, that if Baystate Health objects in good faith

to such Point32Health determination, then such properties, assets, or rights shall not constitute a Required Shared Asset and shall not be deemed to have been added to Attachment 7.12(a) but, at Point32Health's election, Baystate Health shall use reasonable best efforts to provide such properties, assets, or rights to the Companies following the Closing through the Transition Services Agreement (or such other arrangement agreed to by the Parties) on commercially reasonable terms. If, prior to the Closing, Point32Health identifies any properties, assets, or rights that are listed on Attachment 7.12(a) that it does not desire to acquire at the Closing, it may, by delivery of written notice to Baystate Health prior to the Closing ("Excluded Asset Notice"), elect that such properties, assets, or rights shall not be assigned, transferred, conveyed, or delivered to the Companies (any properties, assets, or rights so designated by Point32Health, an "Excluded Asset"), in which case such Excluded Assets shall be deemed to be removed from Attachment 7.12(a).

(b) Prior to the Closing, without the prior written Consent of Point32Health, Baystate Health shall not, and shall not permit any of its Subsidiaries to (i) sell, lease, transfer, or otherwise dispose of, or incur any Lien (other than a Permitted Lien) on, any Required Shared Asset, (ii) amend or modify any material terms of any Required Shared Asset that is a Contract or (iii) terminate, assign, not renew, extend or waive any material rights under any Required Shared Asset that is a Contract, in each case, other than in the ordinary course of business consistent with past practice.

(c) Baystate Health shall bear any out-of-pocket costs and expenses incurred by Baystate Health, or to be incurred by Baystate Health, in satisfying Baystate Health's obligations under this Section 7.12; provided, however, that if Point32Health delivers an Excluded Asset Notice within ninety (90) days of the Closing Date with respect to any Excluded Asset that relates to a Contract between Baystate Health or an Affiliate and a third party, then Point32Health shall share equally with Baystate Health in any expense incurred by Baystate Health, or to be incurred by Baystate Health, in terminating or otherwise winding down the applicable Contract.

(d) With respect to any Required Shared Assets that require the Consent of a third party to the assignment, transfer, conveyance, or delivery of the applicable Required Shared Asset from Baystate Health or its Affiliates to the Companies ("Third Party Required Shared Assets"), to the extent that the applicable third party requires the payment of any consideration, fees, or costs in connection with the giving of such Consent, Baystate Health shall, in good faith, discuss with Point32Health any such requests and involve Point32Health in any negotiations regarding such requests prior to making any determination as to whether to pay such consideration, fees or costs, or to negotiate the amount thereof, which amounts, if paid, shall be at Baystate Health's expense; provided, however, that, for the avoidance of doubt, a determination by Baystate Health not to pay such fees or costs shall not be deemed to be a breach of Baystate Health's obligations pursuant to this Agreement or any Related Agreement.

(e) Notwithstanding anything in this Agreement or in any Related Agreement to the contrary, neither this Agreement nor any Related Agreement constitutes an agreement to assign or otherwise transfer, or require Point32Health or any of its Affiliates to assume any obligations under, any Third Party Required Shared Asset for which a Consent has not been

obtained from the applicable third party. If a Consent has not been obtained for a Third Party Required Shared Asset prior to the Closing, then following the Closing, Baystate Health and its Affiliates shall, at their own cost and expense, use their commercially reasonable efforts to obtain such Consent as promptly as possible and Point32Health will provide commercially reasonable cooperation to Baystate Health or its Affiliates in seeking to obtain Consent; provided, however, that neither Baystate Health or its Affiliates or Point32Health will be required to pay any consideration therefor. Following the Closing, once such Consent is obtained, Baystate Health shall be deemed to have automatically and concurrently assigned, transferred, conveyed, and delivered to Point32Health the relevant Third Party Required Shared Asset to which such Consent relates for no additional consideration, pursuant to the terms of this Agreement; provided, that upon Point32Health's request, Baystate Health and its Affiliates shall take such further actions as may be reasonably requested by Point32Health to document, record, or confirm the consummation of such assignment, transfer and conveyance of such Third Party Required Shared Asset.

(f) If any Third Party Required Shared Asset is not transferred to Point32Health at the Closing pursuant to this Agreement, pending such transfer (or if such Third Party Required Shared Asset cannot be transferred following the Closing) Baystate Health and Point32Health shall cooperate in any commercially reasonable arrangement designed to provide Point32Health with all of the benefits of, and to have Point32Health assume the burdens and obligations with respect to, such Third Party Required Shared Asset as if such Third Party Required Shared Asset had been transferred to Point32Health as of the Closing.

Section 7.13 Separation Matters. At or prior to the Closing, Baystate Health shall, and shall cause its Affiliates other than the Companies (as applicable) to, contribute, transfer, assign, and deliver to HNE, and HNE shall accept from Baystate Health or its applicable Affiliates, all rights, title, and interests in, to, and under the Pre-Closing Contribution Intellectual Property, free and clear of all Liens (other than Permitted Liens) (the "Pre-Closing Contribution"), pursuant to a contribution agreement mutually agreed-upon by Point32Health and Baystate Health (the "Pre-Closing Contribution Agreement"). From and after the Closing, Baystate Health agrees to, and shall cause its Affiliates (as applicable) to, promptly execute and any all further documents and undertake such further acts as may be necessary to effectuate the consummation of the Pre-Closing Contribution, including by executing other contribution documentation reasonably requested by Point32Health.

Section 7.14 Star Ratings. Subject to applicable Law, the Companies shall use commercially reasonable efforts to provide Point32Health with the Star Rating data no more frequently than each calendar quarter, including measure scores, to the extent made available by CMS during the plan preview period. The Companies shall use commercially reasonable efforts to review and, if applicable, resolve with CMS any errors in such data.

Section 7.15 Reports.

(a) Subject to applicable Law, HNE shall use commercially reasonable efforts to provide Point32Health with written reports, in a format and containing such detail as is

reasonably agreed upon by Baystate Health and Point32Health, describing financial, actuarial, and enrollment data and metrics relevant to Baystate Health's preparation of the Estimated Closing Statement, which shall include, at a minimum, (A) supporting trial balances and comparative analytics and explanations for fluctuations in key balance sheet components, (B) supporting balance sheet reconciliations as reasonably requested, (C) paid claims and claims inventory detail, and incurred but not reported reserves detail, and (D) monthly Enrollment Files. HNE shall use commercially reasonable efforts to provide Point32Health with such reports within thirty (30) days after the Execution Date and no less frequently than monthly thereafter until the Closing Date. Subject to applicable Law, Baystate Health and the Companies shall afford Point32Health reasonable access, upon reasonable advance notice and during normal business hours, to their subject matter experts in the areas addressed in the reports required to be delivered pursuant to this Section to answer any of Point32Health's reasonable questions with respect thereto.

(b) Subject to applicable Law, HNE shall use commercially reasonable efforts to provide Point32Health with written reports, in a format and containing such detail as is reasonably agreed upon by Baystate Health and Point32Health, describing Baystate Health's performance metrics and risk indicators of key security controls for services set forth in the Transition Services Agreement. Baystate Health shall use commercially reasonable efforts to provide Point32Health with such reports within thirty (30) days after the Execution Date and no less frequently than monthly thereafter until the termination of the Transition Services Agreement.

Section 7.16 Company Board Resignations. On or prior to the Closing Date, Baystate Health shall cause each director of the board of directors of the Companies to tender his or her resignation from such position effective as of the Closing or otherwise take such other action to have them removed from such position.

Section 7.17 Point32Health-Baycare Commercial Contracts. Prior to January 1, 2025, the Parties shall negotiate in good faith Point32Health-Baycare Commercial Contracts to be effective as of the later of the Closing Date or January 1, 2025 through December 31, 2026 with terms that are substantially equivalent to the Baycare Commercial Provider Agreement (the "Closing Point32Health-Baycare Commercial Contracts"); provided, however, that, with respect to rate, the Rates under the Closing Point32Health-Baycare Commercial Contracts shall utilize (a) the lower of (i) the then-current Rates under the Baycare Commercial Provider Agreement, and (ii) the then-current Rates under any applicable commercial provider agreement between Baycare Health Partners, Inc. and Harvard Pilgrim Health Care, Inc. with respect to the commercial Plans (including, without limitation, fully insured, administrative services only and third-party administrator arrangements) of Harvard Pilgrim Health Care, Inc., together with (b) an annual percentage rate increase not to exceed the annual Health Care Cost Growth Benchmark for the most recent calendar year established by the Massachusetts Health Policy Commission (anticipated to be calendar year 2025) (or, if the Massachusetts Health Policy Commission no longer establishes such annual Health Care Cost Growth Benchmark, then under an alternative inflation methodology mutually agreed upon by the Parties), provided, further, that, if such inflation-adjusted rate is greater than any then-current Rates under any commercial provider agreement between Baycare Health Partners, Inc. and a third-party payor that is not an Affiliate of Point32Health with respect

to the commercial Plans (including, without limitation, fully insured, administrative services only and third-party administrator arrangements) of such third-party payor, then the Rates under the Closing Point32Health-Baycare Commercial Contracts shall utilize the Rates under such commercial provider agreement between Baycare Health Partners, Inc. and such third-party payor. Notwithstanding the foregoing, if either Party reasonably determines that the Closing will, or is likely to occur, after January 1, 2025, then, prior to January 1, 2025, the Parties shall negotiate in good faith additional Point32Health-Baycare Commercial Contracts to be effective, on a contingent basis, as of January 1, 2025 through the Closing Date on commercially reasonable terms (the “Contingent Point32Health-Baycare Commercial Contracts”).

Section 7.18 Chief Information Security Officer. From the Execution Date, HNE shall make commercially reasonable efforts to hire or engage a Chief Information Security Officer (the “CISO”). Prior to the extension of an offer of employment or engagement to the CISO, HNE shall consult with and seek the advice and input from Point32Health. HNE’s selection of the CISO, including review of components of an offer to the CISO representing CISO Direct Costs, shall be subject to the consent of Point32Health. In addition, HNE shall use commercially reasonable efforts to retain the employment or engagement of the CISO through the Closing Date. If the employment or engagement of the CISO is terminated prior to the Closing Date, HNE shall make commercially reasonable efforts to select and hire or engage an individual to replace the vacant position, who shall be selected and hired or engaged in accordance with the input and consent process set forth in this Section 7.18. For the avoidance of doubt, prior to the Closing Date, the CISO shall report solely to HNE, and Point32Health shall have no authority to direct or control the CISO

Section 7.19 Termination Certain Arrangements. HNE shall cause, and Baystate Health shall cause, the New England Executive Retirement Plan to be terminated and fully disbursed no later than the day prior to the Closing Date in a manner that conforms with Treasury Regulations 1.409A-3(j)(ix)(B).

ARTICLE VIII

EMPLOYEE MATTERS

Section 8.1 Employee Transfers Before Closing Date; Effect of Transfers. Baystate Health hereby covenants that the Employees who are not employed by the Companies as of the date of this Agreement shall be transferred by Baystate Health to a Company as reasonably agreed by Baystate Health and Point32Health prior to the Closing Date; provided, however, any Inactive Employee shall not become an employee of the Companies prior to the Closing. Baystate Health shall take all actions reasonably necessary to provide that the Transaction and the transactions contemplated by the Related Agreements will not constitute a separation, termination or severance of employment of any Employee prior to or upon the occurrence of the Closing Date, and that such Employee will have continuous and uninterrupted employment immediately before and immediately after the Closing Date. Baystate Health shall be solely responsible for any Liabilities that become payable to Employees as a result of any transfer of employment by Baystate Health

to the Companies prior to the Closing, and the Companies shall not have any obligation or Liability for any such amounts. Each Employee who continues employment with a Company on and after the Closing Date is referred to as a “Continuing Employee,” and such Employees are collectively referred to as the “Continuing Employees”; provided, however, only those Inactive Employees who return to active employment with Baystate Health and become employees of a Company following the Closing Date but on or prior to the later of (a) the date that is six (6) months after the Closing Date or (b) the latest date on which Point32Health would be required to rehire such Inactive Employee pursuant to applicable Law, shall constitute Continuing Employees hereunder. Each Continuing Employee shall continue employment with such applicable Company immediately following the Closing.

Section 8.2 Maintenance of Compensation and Benefits. During the period commencing on the Closing Date and ending on the first anniversary of the Closing Date, Point32Health shall (or shall cause its Affiliates, including the Companies, to) provide each Continuing Employee for such portion of such period during which they remain employed by Point32Health or one of its Affiliates (a) an annual base salary or base wage rate and annual cash bonus opportunity (excluding retention, sign-on, change in control or other one-time or special cash incentives) that are no less favorable in the aggregate to the annual base salary or wage rate and annual cash bonus opportunities (excluding equity or equity-based incentives or retention, sign-on, change in control or other one-time or special cash incentives) in the aggregate provided to such Continuing Employee by Baystate Health or its Affiliates as of immediately prior to the Closing and (b) employee benefits that are no less favorable in the aggregate to the employee benefits (excluding equity or equity-based incentives, defined benefit retirement, retiree medical, or retention, sign-on, change in control or other one-time or special cash incentives) provided to such Continuing Employee by Baystate Health or its Affiliate as of immediately prior to the Closing. During the period commencing on the Closing Date and ending on March 31, 2026, Point32Health shall (or shall cause its relevant Affiliate, including the Companies, to) retain substantially all full and part-time Continuing Employees in a capacity similar to that held by the relevant Continuing Employee as of immediately prior to the Closing, except for terminations of employment due to performance, policy violations or behavioral issues, circumstances beyond the control of Point32Health, as the case may be, or a voluntary termination by the Employee. For the avoidance of doubt, following the Closing, Point32Health shall have no obligation or other Liability with respect to long-term incentive awards previously granted by Baystate Health or an Affiliate of Baystate Health at any time prior to the Closing other than any such obligations in an HNE Benefit Plan that is sponsored by a Company.

Section 8.3 Service Credit. To the extent consistent with applicable law, Point32Health shall (or shall cause its Affiliates to) grant each Continuing Employee full credit for all prior service with Baystate Health, the Companies or any of their respective Affiliates or the predecessors of any such entity for all purposes under each employee benefit plan sponsored or maintained by Point32Health or any of its Affiliates, including for purposes of determining eligibility to participate, level of benefits, vesting, early retirement eligibility and benefit plan accruals (other than benefit accruals under a defined benefit pension plan), to the same extent such service would be recognized by any of Baystate Health or its applicable Affiliate (including the

Companies) under any analogous Baystate Health Benefit Plan or HNE Benefit Plan immediately prior to the Closing; provided, however, that such credit shall not result in a duplication of benefits. Baystate Health (or an Affiliate) shall pay out one hundred percent (100%) (or such percentage that Baystate Health (or its Affiliate) is required to pay out under applicable Law and terms of its plans or arrangements) of paid time off accrued and unused by Continuing Employees through the Closing Date prior to the Closing Date or in the immediately following pay period. Point32Health shall credit each Continuing Employee with the number of vacation or other paid time off days equal to the portion of any vacation or paid time off accrual applicable to such Continuing Employee that was not paid out by Baystate Health prior to the Closing.

Section 8.4 Welfare Plans. As of the Closing Date, each Continuing Employee shall cease participation in, and accrual of benefits under, each health and welfare HNE Benefit Plan that is sponsored by Baystate Health and commence or continue participation, as applicable, in the health and welfare benefit plans maintained by Point32Health and its Affiliates.

Section 8.5 Pre-Existing Conditions and Co-Payments. Point32Health shall (or shall cause its Affiliates to):

(a) to the extent permitted by the applicable plan, waive all limitations as to pre-existing conditions, exclusions, active employment requirements, waiting periods and requirements to show evidence of good health with respect to participation and coverage requirements applicable to the Continuing Employees (and their eligible dependents) under any health and welfare plans in which the Continuing Employees are eligible to participate on or after the Closing Date to the extent that such limitations were waived or met under the applicable health and welfare HNE Benefit Plans; and

(b) use commercially reasonable efforts to provide each Continuing Employee with credit for the dollar amount of all co-payments, deductibles and similar expenses incurred by such Continuing Employee prior to the Closing Date in satisfying any applicable deductible or out-of-pocket requirements under any health and welfare plans in which such Continuing Employees are eligible to participate on or after the Closing Date, to the extent such amounts are substantiated in writing by Baystate Health prior to the Closing Date.

Section 8.6 WARN Act. At the Closing, Baystate Health will provide to Point32Health a list by site of employment of any employees of Baystate Health or its Subsidiaries who have experienced or will experience an employment loss or layoff (as defined in the WARN Act) within ninety (90) calendar days prior to the Closing and who are located at a site of employment where Continuing Employees will be located following the Closing, along with the date of the employment loss or layoff.

Section 8.7 No Third-Party Beneficiaries. Nothing in this Article VIII, express or implied, (a) is intended to or shall confer upon any Person other than the Parties hereto, including any Continuing Employee or any beneficiary or dependent thereof, any right, benefit or remedy of any nature whatsoever under or by reason of this Agreement, (b) shall establish, or constitute an amendment, termination or modification of, or an undertaking to amend, establish, terminate or

modify, any Benefit Plan or (c) shall create any obligation on the part of Baystate Health, Point32Health or any of their respective Affiliates to employ any Employee for any period following Closing.

ARTICLE IX

ADDITIONAL COVENANTS AND AGREEMENTS

Section 9.1 Taxes.

(a) Baystate Health, at its expense, shall prepare and file or cause to be prepared and filed all Tax Returns of the Companies for a Pre-Closing Tax Period other than any Tax Returns for any Straddle Periods (the “Company Returns”). All such Company Returns shall be prepared in a manner consistent with the provisions of this Agreement, and to the extent consistent therewith, each applicable Company’s past practice with respect to similar Tax Returns including the most recent Tax practices as to elections and accounting methods of the applicable Company, except as “more likely than not” required by applicable Law. Baystate Health shall provide Point32Health with a copy of each such Company Return (together with all supporting schedules and workpapers) at least twenty (20) Business Days prior to the due date for filing such Company Returns (including any extensions thereof) in the case of Income Tax Returns and as soon as practicable in the case of all other Tax Returns, for Point32Health’s review and comment and Baystate Health shall make such revisions as are reasonably requested by Point32Health. Baystate Health shall pay or cause to be paid, to the appropriate Governmental Authorities when due in accordance with applicable Law, all Taxes shown as due and payable on such Company Returns filed prior to the Closing Date and Point32Health shall pay or cause to be paid, to the appropriate Governmental Authorities when due in accordance with applicable Law, all Taxes shown as due and payable on such Company Returns filed on or after the Closing Date.

(b) Excluding any Company Returns, Point32Health shall prepare and file or cause to be prepared and filed when due any Tax Returns of the Companies for any Straddle Period (“Point32Health Returns”). All such Point32Health Returns shall be prepared in a manner consistent with the provisions of this Agreement, and to the extent consistent therewith, each applicable Company’s past practice with respect to similar Tax Returns including the most recent Tax practices as to elections and accounting methods of the applicable Company Party, except as “more likely than not” required by applicable Law. Point32Health shall provide a draft of each Point32Health Return at least twenty (20) Business Days prior to the due date for filing such Point32Health Returns (including any extensions thereof) in the case of Income Tax Returns and as soon as reasonably practicable in the case of all other Tax Returns, for Baystate Health’s review and comment and Point32Health shall make such revisions as reasonably requested by Baystate Health. Point32Health shall pay or cause to be paid, to the appropriate Governmental Authorities when due in accordance with applicable Law, all Taxes shown as due and payable on such Point32Health Returns.

(c) The Parties shall attempt in good faith to resolve any disagreement regarding any Company Returns or Point32Health Returns prior to filing. In the event the Parties are unable to resolve any dispute within seven (7) Business Days prior to the due date for filing an applicable Tax Return (including any extensions thereof), such dispute shall be resolved by the Accounting Firm by applying Section 3.2(e) mutatis mutandis, which resolution shall be binding on the Parties, except to the extent otherwise required pursuant to a Final Determination. The fees and expenses of the Accounting Firm shall be borne equally by Baystate Health and Point32Health. If any dispute with respect to a Tax Return is not resolved prior to the due date of such Tax Return, such Tax Return shall be filed in the manner that the Party responsible for preparing such Tax Return deems correct without prejudice to the other Party's rights hereunder and the Parties shall file an amended Tax Return to reflect the Accounting Firm's final resolution of such disputed issue.

(d) From and after the Closing, and subject to the terms and conditions of this Section 9.1(c), Baystate Health agrees to defend, indemnify and hold harmless Point32Health, each of the Companies and each owner, officer, director, manager stockholder and member of Point32Health and each of the Companies and each of the successors and assigns of the foregoing (each, a "Point32Health Indemnified Person" and collectively, the "Point32Health Indemnified Persons") from and against any Indemnifiable Taxes, and any actions, demands, suits, assessments, judgments, damages, losses, Liabilities, and out-of-pocket expenses actually incurred by such Point32Health Indemnified Persons (including the reasonable attorney's fees and expenses of other professional advisors) that arise or result from or relate to Indemnifiable Taxes (or the non-payment thereof), but, in each case, only to the extent such amounts were not included in the computation of Unpaid Pre-Closing Income Taxes, Company Indebtedness, Risk-Based Capital or Transaction Expenses as finally determined hereunder.

(e) The Company Returns shall reflect all applicable Transaction Tax Deductions that are "more likely than not" deductible (or deductible at a higher confidence level) in the Pre-Closing Tax Period on the applicable Company Return, as mutually agreed in good faith by the Parties. Solely for purposes of the calculation of Indemnifiable Taxes and Unpaid Pre-Closing Income Taxes, the parties agree that (i) all applicable Transaction Tax Deductions that are "more likely than not" deductible (or deductible at a higher confidence level) as mutually agreed in good faith by the Parties shall be allocated to the Pre-Closing Tax Period, and that (ii) all Transaction Tax Deductions that occur on the Closing Date shall be deemed to occur on the date prior to the Closing Date. The Parties shall attempt in good faith to resolve any disagreement regarding the deductibility of Transaction Tax Deductions. In the event the Parties are unable to resolve any dispute within seven (7) Business Days prior to the due date for filing an applicable Company Return (including any extensions thereof), such dispute shall be resolved in accordance with the procedures set forth in Section 9.1(c).

(f) For purposes of apportioning Taxes of a Straddle Period (other than Transfer Taxes) between the Pre-Closing Tax Period and the Post-Closing Tax Period: (i) in the case of any property, ad valorem or other Taxes not based upon or related to income, gain, proceeds, activities, receipts, transactions or payments, shall be deemed to be the amount of such

Taxes for the entire taxable period *multiplied* by a fraction, the numerator of which is the number of days in the portion of the taxable period ending on the calendar day immediately prior to the Closing Date and the denominator of which is the number of days in the entire Straddle Period, and (ii) in the case of any Taxes not addressed in clause (i), shall be determined based on an interim closing of the books as of the end of the calendar day immediately prior to the Closing Date (and for such purpose, the taxable period of any partnership or other pass-through entity or controlled foreign corporation in which a Company holds a beneficial interest shall be deemed to terminate at such time). Exemptions, allowances or deductions that are calculated on an annual basis, such as the deduction for depreciation, shall be apportioned on a daily basis and Taxes that are computed on a periodic basis, such as property Taxes, shall also be apportioned on a daily basis.

(g) Except to the extent reflected as an asset in Risk-Based Capital, any Tax refund or credit or offset in lieu thereof (including any interest paid or credited by a Governmental Authority with respect thereto) of the Companies with respect to a Pre-Closing Tax Period attributable to Taxes paid by a Company prior to the Closing, Taxes paid or indemnified by Baystate Health or Taxes taken into account in Unpaid Pre-Closing Income Taxes, Company Indebtedness or Transaction Expenses as finally determined hereunder, in each case, net of any reasonable cost or Tax to Point32Health and its Affiliates (including the Companies) attributable to obtaining, receiving or accruing such refund or credit, shall be for the sole benefit of Baystate Health (other than any Tax refund that is attributable to a carryback of a loss, credit or other Tax attribute arising from a Post-Closing Tax Period or payable to another Person pursuant to any Contract to which a Company is a party as of Closing) (any such amounts, a “Tax Refund”). To the extent that Point32Health or any of its Affiliates (including any of the Companies after the Closing) receives or utilizes any Tax Refund, Point32Health shall pay to Baystate Health such Tax Refund within fifteen (15) Business Days of receipt of such Tax Refund or the filing of any Tax Return utilizing such Tax Refund (in the form of a credit or offset to Taxes that otherwise would have been payable), as the case may be. The Parties hereto agree that Baystate Health’s entitlement to a Tax Refund for the portion of a Straddle Period ending on the calendar day immediately prior to the Closing Date shall be determined using the methodologies set forth in Section 9.1(f). Point32Health and its Affiliates shall, and shall cause each of the Companies to, at Baystate Health’s expense, promptly take all reasonable actions reasonably requested by Baystate Health in writing to file for and obtain any Tax Refund to which Baystate Health is entitled pursuant to this Section 9.1(g); provided, however, that Point32Health and its Affiliates shall not be so obligated if, in Point32Health’s reasonable and good faith judgment, (i) pursuing such Tax Refund would be unduly burdensome for, (ii) would result in a material unreimbursed cost to, or (iii) would have an adverse effect on any Tax or Tax reporting position of, Point32Health or any of its Affiliates, including any of the Companies.

(h) In the case of any notice of audit or other Proceeding relating to any Tax Return or Tax for a Pre-Closing Tax Period or a Straddle Period (such audit or Proceeding, a “Tax Claim”), Point32Health shall use commercially reasonable efforts to notify Baystate Health of such Tax Claim within fifteen (15) Business Days following the receipt by Point32Health or its Affiliates of written notice thereof. Such notice shall specify in reasonable detail the basis for such Tax Claim and, to the extent known, the amount asserted and shall include a copy of the relevant

portion of any correspondence received from the Governmental Authority. Any failure to so notify Baystate Health of any such Tax Claim shall not relieve Baystate Health of any indemnification obligation under Section 9.1(d) or Article XII with respect to such Tax Claim, except to the extent Baystate Health was actually and materially prejudiced as a result thereof. Baystate Health shall have the right to control, at its expense, any and all Tax Claims solely relating to a Pre-Closing Tax Period; provided, however, if Baystate Health elects not to control such Tax Claim, Point32Health shall have the right to control such Tax Claim, at Point32Health's expense (provided, further, Point32Health shall be entitled to indemnification pursuant to Section 9.1(d) and/or Article XII, as applicable, for any Losses attributable to such expenses, including amounts that would be indemnified Losses if the Tax Claim had resulted in the obligation to pay a Tax), upon notice to Baystate Health, and Point32Health shall have the right to control, at Point32Health's expense, any and all Tax Claims relating to a Straddle Period. The controlling Party shall (i) allow the non-controlling Party to participate (at such non-controlling party's expense) in such Tax Claim, (ii) keep the non-controlling Party informed of any Proceedings, events, and developments relating to, or in connection with, any such Tax Claims, and (iii) not settle or compromise such Tax Claim without the prior written Consent of the non-controlling Party, which Consent shall not be unreasonably withheld, conditioned or delayed. To the extent of any conflict between this Section 9.1(h) and Article XII, this Section 9.1(h) shall be controlling with respect to any Tax matters.

(i) The Parties shall cooperate (and cause their respective Affiliates to cooperate) fully, as and to the extent reasonably requested by the other Parties, in connection with the preparation and filing of Tax Returns and any Tax audit, litigation or other Proceeding with respect to Taxes (including Tax Claims) and payments in respect thereof. Such cooperation shall include the retention of records and information which are reasonably relevant to any such Tax audit, litigation or other Proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Baystate Health, Point32Health and the Companies shall (and shall cause their Affiliates to, as applicable) retain all books and records with respect to Tax matters pertinent to the Companies relating to any taxable period beginning before the Closing Date until thirty (30) calendar days following the expiration of the statute of limitations (and any extensions thereof) of the respective taxable periods, and to abide by all record retention agreements entered into with any Governmental Authority. The Parties agree to use their respective commercially reasonable efforts to obtain any certificate or other document from any Governmental Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed on any Party as a result of the consummation of the Transactions contemplated by this Agreement.

(j) Any transfer, sales, use, documentary, recording, stamp, registration, stock transfer, property transfer or similar Taxes (including any expenses attributable thereto, penalties and interest) applicable to, imposed upon or arising out of the Transaction (such Taxes, "Transfer Taxes") will be borne fifty percent (50%) by Point32Health and fifty percent (50%) by Baystate Health, and Tax Returns relating to such Taxes and fees shall be filed by the Party responsible for filing such Tax Return under applicable Law. The Party legally responsible for filing Tax Returns with respect to Transfer Taxes shall be responsible for the preparation and filing of any such Tax

Returns with the appropriate Governmental Authority (including any documentation) and shall be promptly reimbursed from the other Party for such other Party's share of any Transfer Taxes due on such Tax Return. The Parties shall reasonably cooperate in preparing and filing all such filings, Tax Returns, and forms as necessary or appropriate to comply with the provisions of all applicable Law in connection with the payment of such Transfer Taxes, and the Parties shall cooperate in good faith to minimize the amount of any such Transfer Taxes payable in connection therewith.

(k) Except as provided in this Section 9.1, or with Baystate Health's prior written Consent (not to be unreasonably withheld, conditioned or delayed) (it being understood and agreed that failure to consent to an action required by applicable Law would be unreasonable), after the Closing, neither Point32Health, nor the Companies, nor any of their Affiliates shall, with respect to each Company (i) amend any Tax Return relating to a Pre-Closing Tax Period, (ii) make, change or revoke any Tax election that has a retroactive effect to a Pre-Closing Tax Period, (iii) make a voluntary disclosure to or initiate similar process with any Tax authority with respect to any Tax or Tax Returns of a Company for a Pre-Closing Tax Period, (iv) extend or waive, or cause to be extended or waived, the applicable statute of limitations (or other period for the assessment of any Tax or deficiency) with respect to a Tax or Tax Return for a Pre-Closing Tax Period, or (v) file any ruling or request with any taxing authority that relates to Taxes or Tax Returns for a Pre-Closing Tax Period, in each case, to the extent, the same could reasonably be expected to result in Indemnifiable Taxes pursuant to this Agreement or otherwise have an adverse effect on the status of Baystate Health as an organization described in Section 501(c) of the Code.

(l) Any and all Tax allocation or Tax sharing agreements between any of the Companies, on the one hand, and Baystate Health or any of its Affiliates, on the other hand, shall be terminated as of the end of the calendar day immediately prior to the Closing Date and, from and after the Closing, no Company shall be obligated to make any payment pursuant to any such agreement for any past or future period.

(m) Neither Point32Health, nor any of its Affiliates shall make any election under Section 338 of the Code (or any similar provision under state, local, or foreign Law) with respect to the acquisition of any Company.

(n) Any amounts payable under this Section 9.1 shall be treated as an adjustment to the Total Consideration, unless otherwise required by applicable Law.

Section 9.2 Books and Records; Access and Assistance.

(a) For a period of six (6) years after the Closing Date, Point32Health shall retain, or cause the Companies to retain, all HNE Records and other accounting, legal, auditing, and other books and records of the Business of the Companies (for the avoidance of doubt, other than with respect to Taxes, which shall be governed by Section 9.1(i)) relating to (i) the conduct of the Business of the Companies or (ii) the ownership of the Companies, in each case prior to the Closing Date. Notwithstanding the foregoing, Point32Health may dispose of any such HNE Records or other books and records during such six (6)-year period if the same are first offered in

writing to Baystate Health and not accepted by Baystate Health within ninety (90) calendar days of such offer.

(b) After the Closing Date, Point32Health shall permit Baystate Health and its Representatives to have reasonable access to, and to inspect and copy, at Baystate Health's expense, any HNE Records and other books and records referred to in Section 9.2(a) that Baystate Health requires for financial or public reporting, Tax, regulatory or accounting purposes or in response to requests or inquiries by a Governmental Authority, subject to the execution of a customary confidentiality agreement with the Companies and customary work paper access letters, if requested; provided, however, that nothing herein shall require Point32Health or its Representatives to disclose any information to Baystate Health or its Representatives if such disclosure would, in the reasonable judgement of Point32Health, (i) violate applicable Law or (ii) jeopardize any attorney-client or other legal privilege; provided, further, that, with respect to clauses (i) and (ii), Point32Health shall use reasonable best efforts to cause any such information, or the greatest portion possible thereof, to be provided in a manner that complies with this Section 9.2(b). Point32Health shall have the right to have a Representative present during any inspections conducted at the offices or facilities owned or leased by Point32Health.

(c) If after the Closing any Party is contesting or defending against any Proceeding, hearing, investigation, claim, or demand relating to (i) the Transaction and the transactions contemplated by the Related Agreements or (ii) any fact, situation, condition, event, action, failure to act, or transaction occurring prior to the Closing Date involving any Company or Business of the Companies, the other Party shall (A) reasonably cooperate with the contesting or defending Party and its counsel in, and assist the contesting or defending Party and its counsel with, the contest or defense, (B) make available such other Party's personnel (including for purposes of fact finding, consultation, interviews, depositions, and, if required, as witnesses), and (C) provide such information, testimony, and access to its books and records, in each case as shall be reasonably requested in connection with the contest or defense, all at the sole cost and expense (not including employee compensation and benefits costs) of the contesting or defending Party; provided, however, that the foregoing shall not apply to any matter for which the contesting or defending Party is seeking indemnification under Article XII or involving a dispute between the Parties.

Section 9.3 Confidentiality. Point32Health acknowledges that the information being provided to it in connection with the Transaction and the transactions contemplated by the Related Agreements is subject to the Confidentiality Agreement. Effective upon the Closing, and without further action by any Party, the Confidentiality Agreement shall terminate, it being understood that if the term of the Confidentiality Agreement shall expire prior to the Closing Date, the obligations imposed on the Parties pursuant to this sentence shall still apply as if all terms and conditions of the Confidentiality Agreement other than Section 11 thereof were still in effect.

Section 9.4 Release. Effective as of the Closing, Baystate Health, for itself and on behalf of its past, present and future Affiliates and Representatives (other than the Companies), and each of its and their respective successors, assigns, heirs, and executors (each, a "Baystate

Health Releasor”), hereby irrevocably, knowingly, and voluntarily releases, discharges, and forever waives and relinquishes all claims, demands, Liabilities, Losses, debts, costs, fees, expenses, penalties, Proceedings, covenants, suits, judgements, damages, defenses, affirmative defenses, setoffs, counterclaims, actions, obligations, and causes of action of whatever kind, character or nature, whether known or unknown, suspected or unsuspected, in Contract, contingent or absolute, matured or unmatured, liquidated or unliquidated, direct or indirect, at Law or in equity, which any Baystate Health Releasor has, may have, or may assert now or in the future (collectively, the “Claims”) against (a) the Companies, and (b) all current, former and future officer, director, manager, employee, counsel, agent, or Representative of the Companies, or any of their respective successors, assigns, heirs, and executors (but expressly excluding, for clarification, Point32Health with respect to its obligations under this Agreement or any Related Agreement) (each, a “Point32Health Releasee”) arising out of, based upon, or resulting from any Contract, transaction, event, circumstance, action, failure to act, occurrence, or omission of any sort or type, whether known or unknown, and which occurred, existed, was taken, permitted, or begun prior to the Closing, and which is substantially related to the Business, excluding (x) those Claims arising out of, based upon, or resulting from any Provider Contract or risk arrangement between or among Baystate Health or its Affiliates, on the one hand, and a Company, on the other hand, and relating to the provision of health care services prior to the Closing, the payment with respect to which under the applicable Contract is not fully and finally made and/or settled as of the Closing, (y) those Claims arising out of, based upon, or resulting from any facts or circumstances that relate to any Claim for indemnification brought by a Baystate Health Indemnitee under Article XII, and (z) as to any Baystate Health Releasor who is an Employee, those Claims in respect of (i) the current year’s accrued but unpaid compensation and (ii) such Employee’s outstanding benefits under any Benefit Plan as of the Closing Date. In addition, nothing in this Section 9.4 shall be deemed to release, waive, or otherwise diminish in any respect any rights or remedies of any Baystate Health Releasor under this Agreement or the Related Agreements, or of any Baystate Health Releasor under any Contract between or among any Baystate Health Releasor (other than the Companies), on the one hand, and Point32Health or its Affiliates (other than the Companies), on the other hand, and each of Point32Health’s or its applicable Affiliates’ current, former, and future successors and assigns.

ARTICLE X

CONDITIONS TO CLOSING

Section 10.1 Conditions to Obligations of Point32Health. The obligations of Point32Health to consummate the Transaction and the transactions contemplated by the Related Agreements are subject to the satisfaction (or waiver by Point32Health) of the following conditions as of the Closing Date:

(a) The Parties shall have submitted their respective filings under the HSR Act, and the waiting period (and any extension thereof, including pursuant to a “pull and refile” request) applicable to the Transaction and the transactions contemplated in the Related Agreements under the HSR Act and any other clearances or approvals required under applicable competition,

Antitrust Law or similar Law shall have been granted, terminated or shall have expired, without any conditions, restrictions, requirements or change of regulation or any other action taken, that (if implemented) would be reasonably likely, individually or in the aggregate, to result in a Governmental Authority initiating a Proceeding to enjoin, restrain, or otherwise prohibit the Closing.

(b) All Consents set forth on Attachment 10.1(b) shall have been received and no Governmental Authority shall have entered or issued any Order preventing, enjoining, or making illegal the consummation of any of the Transaction or the Related Agreements and no Law shall have been enacted or shall be deemed applicable to any of the Transaction and the transactions contemplated by the Related Agreements which makes the consummation of any of such transactions illegal.

(c) Each of the representations and warranties of Baystate Health and the Companies set forth in this Agreement (i) that is not qualified by “Material Adverse Effect,” “materiality” or similar phrases and is not a Fundamental Representation shall be true and correct in all material respects on and as of the date of this Agreement and on and as of the Closing Date (except to the extent that such representations and warranties address matters as of particular dates, in which case, such representations and warranties shall be true and correct in all material respects on and as of such dates) and (ii) that is qualified by “Material Adverse Effect,” “materiality” or similar phrases or that is a Fundamental Representation shall be true and correct in all respects on and as of the date of this Agreement and on and as of the Closing Date (except to the extent that such representations and warranties address matters as of particular dates, in which case, such representations and warranties shall be true and correct in all respects on and as of such dates).

(d) Baystate Health and the Companies shall have performed or complied in all material respects with all covenants and agreements required to be performed or complied with by Baystate Health or the Companies under this Agreement on or prior to the Closing Date.

(e) Since the Execution Date, there shall have been no Material Adverse Effect, nor shall any event(s), occurrence(s), fact(s), condition(s), change(s) or effect(s) have occurred that, individually or in the aggregate, with or without the lapse of time, could reasonably be expected to result in a Material Adverse Effect.

(f) (i) With respect to Providers who are (A) Baystate Health Affiliates and (B) in the Provider Network, in each case, as of the Execution Date, all such Providers shall remain in the Provider Network as of Closing on terms substantially similar to the terms under which such Providers participated in the Provider Network immediately prior to Closing, (ii) with respect to Providers who are (A) not Baystate Health Affiliates and (B) in the Provider Network, in each case, as of the Execution Date, the Companies shall use commercially reasonable efforts to cause the Providers to remain in the Provider Network as of the Closing, and (iii) the Provider Network shall otherwise satisfy minimum network requirements under applicable Law and Payor Contracts.

(g) Baystate Health and the Companies shall have executed and delivered to Point32Health all agreements, instruments and certificates to be executed and delivered and taken

all of the actions required to be taken pursuant to Section 2.4 or otherwise pursuant to any term or provision of this Agreement, all such documents to be in form and substance reasonably satisfactory to Point32Health.

(h) All of the Required Shared Assets shall have been duly and validly assigned, transferred, conveyed and delivered to, and shall be owned and held by the Companies free and clear of any Liens other than Permitted Liens.

(i) Baystate Health shall have caused Baycare Health Partners, Inc. to have executed and delivered to Point32Health the Closing Point32Health-Baycare Commercial Contracts and, to the extent applicable, the Contingent Point32Health-Baycare Commercial Contracts.

Section 10.2 Conditions to Obligations of Baystate Health. The obligations of Baystate Health to consummate the Transaction and the transactions contemplated by the Related Agreements are subject to the satisfaction (or waiver by Baystate Health) of the following conditions as of the Closing Date:

(a) The Parties shall have submitted their respective filings under the HSR Act, and the waiting period (and any extension thereof, including pursuant to a “pull and refile” request) applicable to the Transaction and the transactions contemplated in the Related Agreements under the HSR Act and any other clearances or approvals required under applicable competition, Antitrust Law or similar Law shall have been granted, terminated or shall have expired, without any conditions, restrictions, requirements or change of regulation or any other action taken, that (if implemented) would be reasonably likely, individually or in the aggregate, to result in a Governmental Authority initiating a Proceeding to enjoin, restrain, or otherwise prohibit the Closing.

(b) All Consents set forth on Attachment 10.2(b) shall have been received and no Governmental Authority shall have entered or issued any Order preventing, enjoining, or making illegal the consummation of any of the Transaction or the Related Agreements and no Law shall have been enacted or shall be deemed applicable to any of the Transaction and the transactions contemplated by the Related Agreements which makes the consummation of any of such transactions illegal.

(c) Each of the representations and warranties of Point32Health set forth in this Agreement and any other Related Agreement (i) that is not qualified by “Material Adverse Effect,” “materiality” or similar phrases and is not a Fundamental Representation shall be true and correct in all material respects on and as of the date of this Agreement and on and as of the Closing Date (except to the extent that such representations and warranties address matters as of particular dates, in which case, such representations and warranties shall be true and correct in all material respects on and as of such dates) and (ii) that is qualified by “Material Adverse Effect,” “materiality” or similar phrases or that is a Fundamental Representation shall be true and correct in all respects on and as of the date of this Agreement and on and as of the Closing Date (except to the extent that

such representations and warranties address matters as of particular dates, in which case, such representations and warranties shall be true and correct in all respects on and as of such dates).

(d) Point32Health shall have performed or complied in all material respects with all covenants and agreements required to be performed or complied with by Point32Health under this Agreement on or prior to the Closing Date.

(e) Since the date of this Agreement, there shall have been no Material Adverse Effect, nor shall any event(s), occurrence(s), fact(s), condition(s), change(s) or effect(s) have occurred that, individually or in the aggregate, with or without the lapse of time, could reasonably be expected to result in a Material Adverse Effect.

(f) Point32Health has executed and delivered to Baystate Health all agreements, instruments and certificates to be executed and delivered and taken all of the actions required to be taken pursuant to Section 2.3 or otherwise pursuant to any term or provision of this Agreement, all such documents to be in form and substance reasonably satisfactory to Baystate Health.

(g) Point32Health shall have delivered to Baystate Health the Estimated Total Consideration set forth in Section 3.1(a)(i).

(h) All of the Pre-Closing Contribution Intellectual Property shall have been duly and validly assigned, transferred, conveyed, and delivered to, and shall be owned and held by, HNE in accordance with the Pre-Closing Contribution, free and clear of any Liens other than Permitted Liens.

(i) Point32Health shall have caused its applicable Affiliates to have executed and delivered to Baystate Health the Closing Point32Health-Baycare Commercial Contracts and, to the extent applicable, the Contingent Point32Health-Baycare Commercial Contracts.

Section 10.3 Frustration of Closing Conditions. No Party may rely, whether as a basis for not consummating the Transaction or terminating this Agreement or otherwise, on the failure of any condition set forth in this Article X to be satisfied if such failure was caused by such Party's breach of this Agreement.

ARTICLE XI

TERMINATION

Section 11.1 Termination. This Agreement may be terminated, and the Transaction may be abandoned, by written notice delivered by Point32Health or Baystate Health to the other Party (other than in the case of Section 11.1(a) and Section 11.1(g)) at any time prior to the Closing:

(a) by the mutual written agreement of Baystate Health and Point32Health;

(b) by either Baystate Health or Point32Health, if the Closing does not occur on or prior to the expiration of nine (9) months following the Execution Date (as it may be extended pursuant hereto, the (“Outside Date”)); provided, however, that the right to terminate this Agreement under this Section 11.1(b) shall not be available to (i) Baystate Health, if Baystate Health or the Companies have materially breached or failed to perform any of its representations, warranties, covenants, or agreements contained in this Agreement, which breach or failure to perform has been the primary cause of or has resulted in the failure of the Closing to occur on or prior to the Outside Date or (ii) Point32Health, if Point32Health has materially breached or failed to perform any of its representations, warranties, covenants, or agreements contained in this Agreement, which breach or failure to perform has been the primary cause of or has resulted in the failure of the Closing to occur on or prior to the Outside Date; provided, further, that, if all of the conditions to Closing have been satisfied or waived, other than (x) any conditions that by their nature can only be satisfied on the Closing Date, but provided that such conditions are then capable of being satisfied if the Closing were to take place on such date and (y) any of the conditions set forth in Section 10.1(a), Section 10.1(b), Section 10.2(a), and Section 10.2(b), then each of Point32Health or Baystate Health may extend the Outside Date for up to three (3) consecutive periods of thirty (30) days each, by written notice delivered to the other Party;

(c) by either Baystate Health or Point32Health if a final non-appealable Order permanently enjoining, restraining or otherwise prohibiting the Closing will have been issued by a Court or other Governmental Authority of competent jurisdiction; provided, however, the right to terminate this Agreement pursuant to this Section 11.1(c) shall not be available to any Party if such Party has materially violated or failed to fulfill, or is in breach of, any representation, warranty, covenant or agreement set forth herein, if such material breach or failure to perform has been the primary cause of or has resulted in the failure of the Closing to occur on or prior to such date;

(d) by Point32Health, if Baystate Health or the Companies breach or fail to perform in any material respect any of their representations, warranties, covenants, or agreements contained in this Agreement, which breach or failure to perform (i) would result in a failure of a condition set forth in Section 10.1, and (ii) (A) if capable of being cured, has not been cured (or, for periods prior to the Outside Date, a cure has not been commenced) by Baystate Health or the Companies by the earlier of the Outside Date and the date that is thirty (30) calendar days after Baystate Health’s receipt of written notice from Point32Health stating Point32Health’s intention to terminate this Agreement pursuant to this Section 11.1(d) or (B) is incapable of being cured; provided, however, the right to terminate this Agreement pursuant to this Section 11.1(d) shall not be available to Point32Health at any time that Point32Health has violated, or is in breach of, any representation, warranty, covenant or agreement set forth herein, if such breach would, if not cured, prevent satisfaction of Baystate Health or the Companies’ conditions to Closing set forth in Section 10.2(c) and Section 10.2(d) (and has not been waived by Baystate Health);

(e) by Baystate Health, if Point32Health breaches or fails to perform in any material respect any of its representations, warranties, covenants, or agreements contained in this Agreement, which breach or failure to perform (i) would result in a failure of a condition set forth

in Section 10.2, and (ii) (A) if capable of being cured, has not been cured (or, for periods prior to the Outside Date, a cure has not been commenced) by Point32Health by the earlier of the Outside Date and the date that is thirty (30) calendar days after Point32Health's receipt of written notice from Baystate Health stating Baystate Health's intention to terminate this Agreement pursuant to this Section 11.1(e) or (B) is incapable of being cured; provided, however, the right to terminate this Agreement pursuant to this Section 11.1(e) shall not be available to Baystate Health at any time that the Companies or Baystate Health have violated, or are in breach of, any representation, warranty, covenant or agreement set forth herein, if such breach would, if not cured, prevent satisfaction of any of Point32Health's conditions to Closing set forth in Section 10.1(c) and Section 10.1(d) (and has not been waived by Point32Health);

(f) by Point32Health pursuant to Section 7.4(c); and

(g) Automatically, without further action or notice by any Party, on the date five (5) Business Days after Baystate Health or the Companies, directly or indirectly, materially and willfully engage in a Prohibited Solicitation (an "Automatic Termination"); provided, however, Point32Health may waive such termination in accordance with Section 13.6; provided, further, that, in no event shall this Agreement automatically terminate if, at such time, Baystate Health was capable of terminating pursuant to Section 11.1(b), Section 11.1(c), or Section 11.1(e) and/or was otherwise exercising its rights pursuant to Section 13.18 (it being understood that any Prohibited Solicitation required by or undertaken as a result of an Order shall be considered willful for purposes of this sentence).

Section 11.2 Effect of Termination. If this Agreement is validly terminated pursuant to Section 11.1, this Agreement will terminate and immediately become void and have no further force or effect, and no Party or any of its Affiliates or any of its or their members, equityholders, directors, officers, employees and other Representatives will have any Liability to any other Party; provided, however, that (a) the first sentence of Section 9.3, this Section 11.2 and Article XIII, including Section 13.17, will survive such termination; (b) no such termination will relieve any Party from Liability for any fraud, intentional misrepresentation, or Willful Breach of this Agreement by such Party prior to such termination; (c) within thirty (30) days of the termination date, Point32Health shall pay to HNE by wire transfer of immediately available funds (i) all CISO Direct Costs, and (ii) to the extent HNE terminates the employment or engagement of the CISO in connection with the termination of the Affiliation Agreement during such thirty (30)-day period, all (A) severance amounts paid or required to be paid to the CISO, (B) accrued bonus amounts payable to the CISO, and (C) earned and unused paid time off of the CISO. For purposes of clarification, the Parties hereto agree that if Point32Health does not close the Transaction in circumstances in which all of the closing conditions set forth in Section 10.1 and Section 10.2 have been satisfied or waived (other than those conditions that, by their terms, are to be satisfied at the Closing), such failure or refusal to close shall be deemed to be a Willful Breach of this Agreement by Point32Health.

ARTICLE XII

INDEMNIFICATION

Section 12.1 Survival. Subject to the limitations and other provisions of this Article XII, (a) the representations and warranties contained in Article IV, Article V, and Article VI (other than the Fundamental Representations) shall survive the Closing and shall remain in full force and effect until the date that is eighteen (18) months following the Closing Date (the “Survival Period”), (b) the Health Care Representations shall survive the Closing and remain in full force and effect until the date that is twenty four (24) months following the Closing Date, (c) the Fundamental Representations shall survive the Closing and remain in full force and effect until the ninetieth (90th) day after the applicable statute of limitations expires, and (d) the covenants, agreements and other obligations contained in this Agreement, the indemnification obligations of the Parties with respect thereto, and the licenses set forth in Section 13.2 shall survive the Closing in accordance with their terms. Notwithstanding the foregoing, any claims asserted in accordance with this Article XII prior to the expiration date of the applicable Survival Period shall not thereafter be barred by the expiration of the relevant representation or warranty and such claims shall survive until finally resolved.

Section 12.2 Indemnification by Baystate Health. Subject to the other terms and conditions of this Article XII, Baystate Health shall indemnify and defend Point32Health, its Affiliates and its Representatives (collectively, the “Point32Health Indemnitees”) against, and shall hold each of them harmless from and against, and shall pay and reimburse each of them for, any and all Losses incurred or sustained by, or imposed upon, the Point32Health Indemnitees based upon, arising out of, with respect to or by reason of:

- (a) any inaccuracy in or breach of any of the representations or warranties of Baystate Health or the Companies contained in this Agreement;
- (b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by the Baystate Health or the Companies pursuant to this Agreement;
- (c) any knowing and intentional common Law fraud by Baystate Health or the Companies in the making of the representations and warranties set forth in Article IV and Article VI;
- (d) any Indemnifiable Defined Benefit Liability; and
- (e) Indemnifiable NQDC Liability.

Section 12.3 Indemnification by Point32Health. Subject to the other terms and conditions of this Article XII, Point32Health shall indemnify and defend Baystate Health and its respective Affiliates and Representatives (collectively, the “Baystate Health Indemnitees”) against, and shall hold each of them harmless from, and shall pay and reimburse each of them for, any and all Losses

incurred or sustained by, or imposed upon, the Baystate Health Indemnitees based upon, arising out of, with respect to or by reason of:

(a) any inaccuracy in or breach of any of the representations or warranties of Point32Health contained in this Agreement;

(b) any breach or non-fulfillment of any covenant, agreement or obligation to be performed by Point32Health pursuant to this Agreement; and

(c) any knowing and intentional common Law fraud by Point32Health in the making of the representations and warranties set forth in Article VI.

Section 12.4 Certain Limitations. The Parties' indemnification obligations under Section 12.2 and Section 12.3 shall be subject to the following limitations:

(a) The aggregate Liability of Baystate Health, on the one hand, and Point32Health, on the other hand, for any Losses under Section 12.2(a) or Section 12.3(a), other than Losses resulting from breaches of the Fundamental Representations and the Health Care Representations, shall not exceed an amount that is equal to the Cash Escrow Amount (the "Cap").

(b) The aggregate Liability of Baystate Health for any Losses under Section 12.2(a) resulting from breaches of the Health Care Representations (taken together with any other Losses under Section 12.2(a)) shall not exceed Thirty Three Million Dollars (\$33,000,000).

(c) The maximum aggregate Liability of Baystate Health, on the one hand, and Point32Health, on the other hand, for any Losses under this Article XII, other than Losses that result from the knowing and intentional common Law fraud or intentional misrepresentation of a Party, shall not exceed One Hundred Eighty-Five Million Dollars (\$185,000,000).

(d) Neither Baystate Health, on the one hand, nor Point32Health, on the other hand, shall have any Liability for monetary Losses under Section 12.2(a) or Section 12.3(a) unless and until the aggregate amount of all monetary Losses under Section 12.2(a) or Section 12.3(a) as applicable, for which Baystate Health, on the one hand, or Point32Health, on the other hand, as applicable, would otherwise be required to provide indemnification exceeds on a cumulative basis an amount equal to two percent (2%) of the Total Consideration ("Basket Amount"), at which point Baystate Health, on the one hand, or Point32Health, on the other hand, as applicable, subject to the other provisions of this Section 12.4, shall indemnify the Point32Health Indemnitees or the Baystate Health Indemnitees, as applicable, for the full amount of all such Losses exceeding the Basket Amount (subject in all respects to the Cap and other provisions of this Section 12.4); provided, however, that the foregoing limitation in this Section 12.4(d) shall not apply to any inaccuracy in or breach of a Fundamental Representation.

(e) The amount of any Losses for which indemnification is provided to an Indemnified Party under this Article XII shall be net of any amounts actually recovered by such Baystate Health Indemnitee or Point32Health Indemnitee, as applicable, under policies of

insurance (less any recovery thereof), with respect to such Losses. If and to the extent any insurance proceeds are actually received by any Indemnified Party after such Indemnified Party has recovered any Losses pursuant to this Article XII, such Indemnified Party shall promptly pay to the Indemnifying Party an amount equal to such insurance proceeds to which the Indemnifying Party is entitled pursuant to the first sentence of this paragraph.

(f) No Indemnified Party shall be entitled to be compensated more than once for the same Loss.

(g) Each Indemnified Party shall use commercially reasonable efforts to mitigate Losses for which indemnification may be claimed by such Indemnified Party under this Agreement to the extent required by applicable Law.

(h) The amount of any Losses subject to indemnification under this Agreement shall be calculated net of any net Tax benefit actually realized as a reduction of cash Taxes otherwise due or refund of cash Taxes paid as a result of such Losses by any Point32Health Indemnified Person in the year such Losses are incurred or suffered, as determined on a with and without basis.

(i) Notwithstanding anything to the contrary in this Agreement, no Point32Health Indemnified Person shall be entitled to indemnification for any Losses attributable to Taxes: (i) to the extent directly attributable to Point32Health's breach of any of the covenants contained in this Agreement or (ii) to the extent included in the calculation of Unpaid Pre-Closing Income Taxes, Company Indebtedness, Risk-Based Capital or Transaction Expenses as finally determined hereunder.

Section 12.5 Indemnification Procedures. The Party making a claim under this Article XII is referred to as the "Indemnified Party", and the Party against which such claim is asserted under this Article XII is referred to as the "Indemnifying Party".

(a) Third-Party Claims. Other than with respect to Taxes, which shall be governed by Section 9.1(h), if any Indemnified Party receives notice of the assertion or commencement of any Proceeding made or brought by any Person who is not a party to this Agreement or an Affiliate of a party to this Agreement or a Representative of the foregoing (a "Third-Party Claim") against such Indemnified Party with respect to which the Indemnifying Party is obligated to provide indemnification under this Agreement, the Indemnified Party shall give the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than fifteen (15) Business Days after receipt of such notice of such Third-Party Claim (a "Claim Notice"). The failure to give a Claim Notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that such failure has a materially prejudicial effect on the defenses or other rights available to the Indemnifying Party with respect to such Third-Party Claim or the indemnification obligations are materially increased as a result of such failure. A Claim Notice shall describe the Third-Party Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably determinable, of the Loss that has been or may be sustained by the Indemnified Party.

The Indemnifying Party shall have the right to participate in, or by giving written notice to the Indemnified Party within thirty (30) calendar days from receipt of the Claim Notice, to assume the defense of any Third-Party Claim at the Indemnifying Party's expense and by the Indemnifying Party's own counsel (which choice of counsel shall be subject to the Indemnified Party's prior written Consent, not to be unreasonably withheld, conditioned or delayed), and the Indemnified Party shall cooperate in good faith in such defense; provided, however (i) the Indemnifying Party shall have acknowledged in writing to the Indemnified Party its obligation to indemnify the Indemnified Party as provided hereunder in respect thereof, (ii) the Indemnifying Party must conduct the defense of the Third-Party Claim actively and diligently in order to preserve its rights in this regard and (iii) notwithstanding the foregoing, the Indemnifying Party shall not have the right to elect to defend the Indemnified Party against a Third-Party Claim (and the Indemnified Party shall have the sole power to direct and control such defense) if the Third-Party Claim (A) would result in any Adverse Claim Consequences or (B) seeks non-monetary relief or relates to a criminal action. In the event that the Indemnifying Party assumes the defense of any Third-Party Claim, subject to Section 12.5(b), it shall have the right to take such action as it deems necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third-Party Claim in the name and on behalf of the Indemnified Party. The Indemnified Party shall have the right to participate in the defense of any Third-Party Claim with counsel selected by it subject to the Indemnifying Party's right to control the defense thereof. The fees and disbursements of such counsel shall be at the expense of the Indemnified Party. If the Indemnifying Party elects not to compromise or defend such Third-Party Claim or fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement, the Indemnified Party may, subject to Section 12.5(b), pay, compromise, or defend such Third-Party Claim and seek indemnification for any and all Losses based upon, arising from or relating to such Third-Party Claim, provided, (i) the Indemnifying Party may retain separate co-counsel at its sole cost and expense and participate in (but not control) the defense, appeal or settlement proceedings of the Third Party Claim, (ii) the Indemnified Party will not admit any liability, file any papers or Consent to the entry of any judgment or enter into any settlement agreement, compromise or discharge with respect to the Third-Party Claim without the prior written Consent of the Indemnifying Party (which Consent shall not be unreasonably withheld or delayed), and (C) the Indemnified Party will not admit to any wrongdoing by the Indemnifying Party. The Parties shall cooperate with each other in all reasonable respects in connection with the defense of any Third-Party Claim, including making available (subject to the provisions of Section 9.2(a)) records relating to such Third-Party Claim and using commercially reasonable efforts to furnish, without expense to the defending party, management employees of the non-defending party as may be reasonably necessary for the preparation of the defense of such Third-Party Claim. The Indemnified Party and the Indemnifying Party shall use commercially reasonable efforts to avoid production of confidential information (consistent with applicable Law), and to cause all communications among employees, counsel and others representing any party to a Third-Party Claim to be made so as to preserve any applicable attorney-client or work-product privileges.

(b) Settlement of Third-Party Claims. If the Indemnifying Party assumes the defense of a Third-Party Claim, the Indemnifying Party shall not, without the prior written Consent of the Indemnified Party (not to be unreasonably withheld, delayed or conditioned), settle,

compromise or offer to settle or compromise any Third-Party Claim if the terms of such settlement do not contain a release of the Indemnified Parties or (i) would result in the imposition of a Consent order, injunction or decree that would restrict the future activity or conduct of the Indemnified Party, (ii) would result in a finding or admission of wrongdoing or violation of Law by the Indemnified Party, (iii) would result in any monetary Liability of the Indemnified Party that will not be paid or reimbursed by the Indemnifying Party, or (iv) has a Material Adverse Effect on any ongoing business of the Indemnified Party (any of the foregoing, “Adverse Claim Consequences”). If the Indemnifying Party assumes the defense of a Third-Party Claim, the Indemnified Party shall not admit any Liability with respect to, settle, compromise or discharge, such Third-Party Claim without the Indemnifying Party’s prior written Consent, which Consent shall not be unreasonably withheld or delayed.

(c) Direct Claims. Any Proceeding by an Indemnified Party on account of a Loss which does not result from a Third-Party Claim (a “Direct Claim”) shall be asserted by the Indemnified Party giving the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than fifteen (15) Business Days after the Indemnified Party becomes aware of such Direct Claim. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that such failure has a materially prejudicial effect on the defenses or other rights available to the respect of such Direct Claim. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the Loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have thirty (30) calendar days after its receipt of such notice to respond in writing to such Direct Claim. The Indemnified Party shall reasonably cooperate with the Indemnifying Party and its professional advisors to allow the Indemnified Party to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim and the Indemnified Party shall assist the Indemnifying Party’s investigation by providing reasonable access (including access to the Indemnified Party’s premises and personnel, documents or records during normal business hours on a mutually convenient basis) as the Indemnifying Party or any of its professional advisors may reasonably request. If the Indemnifying Party notifies the Indemnified Party that it does not dispute the claim described in such notice, or fails to so respond within such thirty (30) calendar day period that the Indemnifying Party disputes the claim described in such notice, the Losses in the amount specified in the Indemnified Party’s notice will be conclusively deemed a Liability of the Indemnifying Party and the Indemnified Party shall be entitled to recover the amount of such Losses from the Indemnifying Party in accordance with the terms and conditions of this Article XII. If the Indemnifying Party has timely disputed its Liability with respect to such claim, the Indemnifying Party and Indemnified Party will proceed in good faith to negotiate a resolution of such dispute and if no such resolution is reached, to litigate such dispute.

Section 12.6 Payments. Once a Loss is agreed to by the Indemnifying Party or finally adjudicated to be payable pursuant to this Article XII, the Indemnifying Party shall satisfy its obligations within ten (10) Business Days of such final, non-appealable adjudication by wire transfer of immediately available funds; provided, however, that if the Indemnifying Party is

Baystate Health, any such Losses that the Point32Health Indemnitees are entitled to recover pursuant to this Article XII will be satisfied in the following order of recovery: (i) first, recovered from the Cash Escrow Account in accordance with the Escrow Agreement, and (ii) second, recovered directly from Baystate Health.

Section 12.7 No Setoff Rights. Neither Party has any right of setoff of any amounts due and payable, or any Losses arising, under this Agreement against any other amounts due and payable under this Agreement or any amounts due and payable, or any Losses arising, under any Related Agreement or any other Contract between Baystate Health and Point32Health or any of their respective Affiliates; provided, however, that with respect to any amounts due and payable, or any Losses arising, under this Agreement that are (i) agreed to by Baystate Health or (ii) finally adjudicated to be payable by Baystate Health pursuant Article III or this Article XII, Point32Health may, and is hereby authorized to, after the expiration of any payment due date with respect to such amounts payable and by written notice to Baystate Health, set off and apply any or all of such amounts payable by Baystate Health against amounts owed by Point32Health to Baystate Health; provided, further, that Point32Health may not set off and apply any or all of such amounts payable by Baystate Health against amounts owed by Point32Health or its Affiliates to Baystate Health or its Affiliates under any Contract for the provision and payment of health care services or risk arrangement between or among Baystate Health or its Affiliates, on the one hand, and Point32Health or its Affiliates, on the other hand.

Section 12.8 Tax Treatment of Indemnification Payments. All indemnification payments made under this Agreement shall be treated by the Parties as an adjustment to the Total Consideration for Tax purposes, unless otherwise required by Law.

Section 12.9 Exclusive Remedy. Except in the case of (a) Proceedings for equitable relief (including the enforcement of any covenant requiring performance following the Closing) and (b) Proceedings alleging the knowing and intentional common Law fraud by either Party, from and after the Closing, the sole and exclusive remedy for all Losses relating to this Agreement or the Transaction shall be the indemnification provisions set forth in this Article XII.

Section 12.10 Materiality. For purposes of Section 12.2(a) and Section 12.3(a), any qualifications as to materiality, Material Adverse Effect or similar qualification contained in the representations or warranties in this Agreement shall be disregarded and have no effect for purposes of determining whether there has been an inaccuracy in or breach of any representation or warranty and calculating the amount of any Losses thereunder.

ARTICLE XIII

MISCELLANEOUS

Section 13.1 Expenses. Except as otherwise expressly provided in this Agreement, each Party shall bear its own fees and expenses with respect to this Agreement and the Transaction. Notwithstanding the foregoing, (a) Point32Health shall be responsible for seventy-five percent (75%) of the HSR Filing Fees, and Baystate Health shall be responsible for twenty-five percent

(25%) of the HSR Filing Fees; and (b) any consultants engaged by both Parties shall be borne equally by each of Baystate Health and Point32Health.

Section 13.2 License Grant. Following the Closing Date, and notwithstanding anything to the contrary in this Agreement, Baystate Health (on behalf of itself and its Affiliates) shall and does hereby grant to the Companies, effective as of the Closing, a non-exclusive, fully paid-up, limited license to use Intellectual Property owned by, or purported to be owned by, Baystate Health or any of its Affiliates other than the Companies, that was used in or necessary for the operation of the Business of the Companies as of the Execution Date (for clarity, excluding HNE Intellectual Property) in substantially the same manner in which such Intellectual Property is used by the Companies as of the Execution Date (the “Licensed Business IP”). Such license shall be perpetual and irrevocable for so long as (i) the Licensed Business IP is necessary for or otherwise used in the operation of the Business of the Companies as conducted as of the Execution Date, and (ii) Baystate Health is legally able to license such Licensed Business IP to the Companies.

Section 13.3 Amendments. The Parties may amend, modify, or supplement this Agreement only by a written agreement signed by Point32Health and Baystate Health.

Section 13.4 Notices. Any notice, request, instruction, or other communication to be given under this Agreement by a Party shall be in writing and shall be deemed to have been given to the other Party (a) when delivered, if delivered in person or by overnight delivery service (charges prepaid), (b) when sent, if sent via email (with confirmation of receipt), or (c) when received, if sent by registered or certified mail, return receipt requested, in each case to the address or email address of such Party set forth below and marked to the attention of the designated individual:

- (a) If to Baystate Health or the Companies prior to the Closing, to:

Baystate Health
280 Chestnut Street
Springfield, MA 01199
Attention: Senior Vice President, Chief Financial Officer and
Treasurer
Email: Raymond.McCarthy@baystatehealth.org

with a copy (which will not constitute notice) to:

Baystate Health
280 Chestnut Street
Springfield, MA 01199
Attention: Senior Vice President, Chief Legal Officer
Email: Vanessa.Smith@baystatehealth.org

(b) If to Point32Health or the Companies post-Closing, to:

Point32Health
1 Wellness Way
Canton, MA 02021
Attention: Adam Scott, President, Diversified Businesses
Email: Adam.Scott@point32health.org

with a copy (which will not constitute notice) to:

Point32Health
1 Wellness Way
Canton, MA 02021
Attention: Susan Kee, Chief Legal Officer
Email: Susan.Kee@point32health.org

or to such other individual or address, facsimile number, or email address as a Party may designate for itself by notice given in accordance with this Section 13.4.

Section 13.5 U.S. Dollars. All payments pursuant to this Agreement shall be made by wire transfer in Dollars in immediately available funds to the account or accounts designated in writing by the payee to the payor.

Section 13.6 Waivers. No failure or delay by a Party in enforcing any of such Party's rights, remedies, powers or privileges under this Agreement will be deemed to be a waiver of such rights, remedies, powers or privileges. No single or partial exercise of a Party's rights will be deemed to preclude any other or further exercise of such Party's rights under this Agreement. No waiver by either Party of any default, misrepresentation or breach of warranty or covenant hereunder shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence. Except as set forth in Section 10.1 and Section 10.2, no waiver of any of a Party's rights under this Agreement will be effective unless it is in writing and signed by such Party.

Section 13.7 Assignment. This Agreement will be binding on and inure to the benefit of the Parties and their respective successors and permitted assigns. Except as expressly provided herein, no Party may, by operation of Law or otherwise, assign this Agreement or any of such Party's rights or obligations under this Agreement without the written Consent of the other Parties.

Section 13.8 No Third-Party Beneficiaries. Except as provided in Article XII (with respect to Indemnified Parties), this Agreement is solely for the benefit of the Parties and their respective successors and permitted assigns, and nothing in this Agreement, express or implied, is intended to or will confer on any other Person any legal or equitable right, benefit, or remedy of any nature whatsoever under or by reason of this Agreement.

Section 13.9 Publicity. The initial press release to be issued by the Parties with respect to this Agreement shall be substantially in the form attached hereto as Exhibit D. No Party or any of its Representatives may make any other press release or other public disclosure (including with respect to press inquiries) regarding the existence of this Agreement or the Related Agreements, its or their contents, or the Transaction and the transactions contemplated by the Related Agreements without the written Consent of the other Parties, in any case, as to the form, content, and timing and manner of distribution or publication of such press release or other public disclosure (which Consent may not be unreasonably withheld, conditioned, or delayed). Notwithstanding the foregoing, (a) nothing in this Section 13.9 will prevent any Party or its Representatives from making any press release or other disclosure requested by or required to comply with applicable Law or Governmental Authority or to comply with any listing Agreement or any applicable reporting requirements or the rules of any stock exchange on which securities of such Party are listed, in which case the Party required to make such press release or other disclosure shall use commercially reasonable efforts to the extent practicable to allow the other Parties reasonable time to review and comment on such release or disclosure in advance of its issuance and such issuing Party shall consider in good faith any reasonable comments of the other Party and (b) (i) each of Baystate Health and Point32Health may make press releases or public communications concerning this Agreement that consist solely of information previously disclosed in previous press releases or announcements made by Point32Health and/or Baystate Health in compliance with this Section 13.9, (ii) Point32Health and Baystate Health may make any public statements in response to questions by the press, analysts, investors or analysts or those participating in investor calls or industry conferences, so long as such statements consist of information previously disclosed in previous press releases, public disclosures or public statements made by Point32Health and/or the Companies in compliance with this Section 13.9, and (iii) Point32Health, and Baystate Health may make any public statements to Employees, vendors, customers, Payors, and Providers, so long as such statements consist of information previously disclosed in previous press releases, public disclosures or public statements made by Point32Health and/or the Companies in compliance with this Section 13.9, or, in any case in this subsection (b), such communication is consistent with any communications plan previously agreed to by Baystate Health and Point32Health.

Section 13.10 Further Assurances. At any time, before or after the Closing Date, upon the request of any Party, each of the other Parties shall, and shall cause its respective controlled Affiliates and their respective directors and officers to, execute and deliver such assignments, deeds, or other instruments as may be reasonably requested by the requesting Party that are reasonably necessary or desirable in order to evidence and effectuate the Transaction or to carry out the purposes and intent of this Agreement.

Section 13.11 Severability. If any term or provision (or any portion thereof) of this Agreement is declared invalid, illegal, or unenforceable, (a) all other provisions of this Agreement will remain in full force and effect and (b) the Parties shall negotiate in good faith to amend or modify this Agreement to replace such invalid, illegal, or unenforceable provision with a valid, legal, and enforceable provision giving effect to the Parties' original intent as closely as possible to the maximum extent permitted by Law.

Section 13.12 Entire Agreement. This Agreement (including the Baystate Health Disclosure Schedule, the Company Disclosure Schedule, the Point32Health Disclosure Schedule, and the Exhibits, Schedules, and Attachments hereto), the Related Agreements, and the Confidentiality Agreement contain the entire Agreement among the Parties and supersede all prior Agreements, arrangements, and understandings, written or oral, among the Parties relating to the subject matter of this Agreement, the Related Agreements, and the Confidentiality Agreement. The Baystate Health Disclosure Schedule, Company Disclosure Schedule, Point32Health Disclosure Schedule, Exhibits, Schedules, Attachments, and Related Agreements are hereby incorporated in and made a part of this Agreement as if set forth in full herein. In the event of any inconsistency between the statements in the body of this Agreement and those in the Exhibits, Schedules, Attachments, the Baystate Health Disclosure Schedule, Company Disclosure Schedule, Point32Health Disclosure Schedule (other than an exception expressly set forth as such in the Baystate Health Disclosure Schedule or Point32Health Disclosure Schedule, as applicable), or Related Agreements, the statements in the body of this Agreement will control.

Section 13.13 No Strict Construction. The Parties agree that they have each been represented by counsel and participated in the negotiation and drafting of the terms of this Agreement. The Parties agree that this Agreement shall be construed as if drafted jointly by the Parties, and any presumption or rule of legal interpretation to the effect that any ambiguity is to be resolved against the drafting Party will not apply in interpreting this Agreement.

Section 13.14 Governing Law. This Agreement, and all claims or causes of action that are based on, arise out of, or relate to this Agreement, will be governed by and construed in accordance with the Commonwealth of Massachusetts without regard to its conflicts of Law rules and any other Law (whether of the Commonwealth of Massachusetts or any other jurisdiction) that would cause the application of the Laws (including the statute of limitations) of any jurisdiction other than the Commonwealth of Massachusetts.

Section 13.15 Jurisdiction, Service, and Venue. In any action between or among any of the Parties, whether arising out of this Agreement or the Related Agreements (a) the Parties irrevocably consent to the exclusive jurisdiction and venue of the Courts located in Boston, Massachusetts, (b) the Parties irrevocably agree to designate a service company located in the U.S. as its agent for service of process and consent to service of process by first class certified mail, return receipt requested, postage prepaid, to the address at which the Party is located, and (c) the prevailing Parties shall be entitled to recover their reasonable attorneys' fees, costs and disbursements from the other Party (in addition to any other relief to which the prevailing Parties may be entitled).

Section 13.16 WAIVER OF TRIAL BY JURY. EACH PARTY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF

LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (B) SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS Section 13.16.

Section 13.17 Equitable Relief. Each Party acknowledges that (a) money damages would be an insufficient remedy for any actual or threatened breach of this Agreement by such Party, (b) any such breach would cause the other Parties irreparable harm, and (c) in addition to any other remedies available at Law or in equity, and subject to the further provisions of this Section 13.17, the other Parties will be entitled to equitable relief by way of injunction, specific performance, or otherwise, without posting any bond or other undertaking, for any actual or threatened breach of or failure to perform under this Agreement by such Party, including that Baystate Health and each Company shall be entitled to specific performance or other equitable remedy to enforce Point32Health's obligations to fund the Total Consideration and to consummate the Closing. No Party will contest the appropriateness of any injunction or specific performance as a remedy for a breach or threatened breach of, or other failure to perform under, this Agreement.

Section 13.18 No Waiver of Privilege; Protection from Disclosure or Use. Nothing in this Agreement will be deemed to be a waiver of any attorney-client privilege, work product protection, or other protection from disclosure or use. The Parties have undertaken reasonable efforts to prevent the disclosure of any information that may be confidential, subject to a claim of privilege, or otherwise protected from disclosure or use but, notwithstanding such efforts, the consummation of the Transaction could result in the inadvertent disclosure of such information. The Parties agree that any such inadvertent disclosure of information that may be confidential, subject to a claim of privilege, or otherwise protected from disclosure or use will not constitute a waiver of or otherwise prejudice any claim of confidentiality, privilege, or protection from disclosure, and further agree to use commercially reasonable efforts to return any inadvertently disclosed information to the disclosing Party promptly upon becoming aware of its existence. Promptly following the return of any inadvertently disclosed information, the Party returning such information shall destroy any and all copies, summaries, descriptions, or notes of such inadvertently disclosed information, including electronic versions thereof, and all portions of larger documents or communications that contain such copies, summaries, descriptions, or notes.

Section 13.19 Counterparts. This Agreement may be signed and delivered in any number of counterparts, each of which is an original and all of which taken together shall constitute one and the same instrument. A signed copy of this Agreement delivered by facsimile, portable document format (PDF), DocuSign or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement. Minor variations in the form of the signature page, including footers from earlier versions of this Agreement shall be disregarded in determining a Party's intent or the effectiveness of such signature.

Section 13.20 Obligations and Liabilities of Baystate Health and the Companies. Baystate Health shall cause the Companies (for the time period from the date hereof and until the Closing Date) to execute, deliver, and perform their respective obligations under this Agreement and its Related Agreements and to consummate the Transaction and the transactions contemplated by the Related Agreements.

[Remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered as of the date first written above.

POINT32HEALTH, INC.

DocuSigned by:

By: _____
Name: Cain Hayes
Title: President and Chief Executive Officer

BAYSTATE HEALTH, INC.

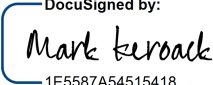
DocuSigned by:

By: _____
Name: Mark Keroack, M.D.
Title: President and Chief Executive Officer

EXHIBIT A

EARN-OUT CONSIDERATION

1. Reference is made to the Second Amended and Restated Accountable Care Partnership Plan Contract for the MassHealth Accountable Care Organization Program (“MassHealth ACO Program”) dated January 1, 2020 between HNE and the Massachusetts Executive Office of Health and Human Services (the “EOHHS Agreement”) and the Be Healthy Partnership Agreement to manage an Accountable Care Partnership Plan in connection with the EOHHS Agreement and the MassHealth ACO Program during the current procurement cycle term of the Accountable Care Partnership Plan Contracts for the MassHealth ACO Program ending March 31, 2028 (“Current MassHealth ACO Program Procurement Cycle Term”).

If the term of the procurement cycle of the Accountable Care Partnership Plan Contracts for the MassHealth ACO Program immediately following the Current MassHealth ACO Program Procurement Cycle Term ends on or after December 31, 2032, then, upon the execution of an extension or renewal of the Be Healthy Partnership Agreement between Baystate Health Care Alliance, LLC (and/or one or more of its Affiliates) and HNE (and/or one or more of its Affiliates) for such procurement cycle term in connection with HNE’s (or one of its Affiliate’s) participation in the MassHealth ACO Program for such procurement cycle term, Point32Health shall pay to Baystate Health by wire transfer of immediately available funds an amount equal to Five Million Dollars (\$5,000,000).

If the term of the procurement cycle of the Accountable Care Partnership Plan Contracts for the MassHealth ACO Program immediately following the Current MassHealth ACO Program Procurement Cycle Term ends prior to December 31, 2032, then, upon the execution of one or more extensions or renewals of the Be Healthy Partnership Agreement between Baystate Health Care Alliance, LLC (and/or one or more of its Affiliates) and HNE (and/or one or more of its Affiliates) for (a) such procurement cycle term and (b) any succeeding contiguous procurement cycle term(s) through December 31, 2032, in connection with HNE’s (or one of its Affiliate’s) participation in the MassHealth ACO Program for such procurement cycle terms, Point32Health shall pay to Baystate Health by wire transfer of immediately available funds an amount equal to One Million Dollars (\$1,000,000) for each year included in each such executed extension or renewal of one or more years, up to an aggregate maximum of Five Million Dollars (\$5,000,000).

(For the avoidance of doubt, Point32Health shall have no obligation under this Section 1 to pay Baystate Health any amounts in excess of Five Million Dollars (\$5,000,000), including in the event that Baystate Health Care Alliance, LLC (and/or one or more of its Affiliates) agrees to an extension or renewal of the Be Healthy Partnership Agreement with an expiration date following December 31, 2032).

2. Upon execution of the renewal of the Baycare Commercial Provider Agreement, with respect to the commercial Plans (including, without limitation, fully insured, administrative services only and third-party administrator arrangements) of HNE and its applicable Affiliates, for a

four (4)-year term effective January 1, 2027 through December 31, 2030 (the “2027 Extension”), (a) with annual percentage rate increases from the Rates under the Closing Point32Health-Baycare Commercial Contracts not to exceed the annual Health Care Cost Growth Benchmark for the most recent calendar year established by the Massachusetts Health Policy Commission (anticipated to be calendar year 2027) (or, if the Massachusetts Health Policy Commission no longer establishes such annual Health Care Cost Growth Benchmark, then under an alternative inflation methodology mutually agreed upon by the Parties); provided, that, if such inflation-adjusted rate is greater than any then-current Rates under any commercial provider agreement between Baycare Health Partners, Inc. and a third-party payor that is not an Affiliate of Point32Health with respect to the commercial Plans (including, without limitation, fully insured, administrative services only and third-party administrator arrangements) of such third-party payor, then the Rates under the 2027 Extension shall utilize the Rates under such commercial provider agreement between Baycare Health Partners, Inc. and such third-party payor, and (b) otherwise on terms that are substantially equivalent to the Closing Point32Health-Baycare Commercial Contracts, Point32Health shall pay to Baystate Health by wire transfer of immediately available funds an amount equal to Seven Million Dollars (\$7,000,000).

3. Upon the achievement of any two (2) of the following three (3) quality health initiative targets through the term of the 2027 Extension of the Baycare Commercial Provider Agreement, Point32Health shall pay to Baystate Health by wire transfer of immediately available funds an amount equal to One Million Dollars (\$1,000,000):

| Description | Target (90th Percentile) |
|---|--|
| 1. The percentage of members 18–75 years of age with diabetes (types 1 and 2) whose hemoglobin A1c (HbA1c) less than 8%. | 69.3% |
| 2. The percentage of members 18–85 years of age who had a diagnosis of hypertension (HTN) and whose BP was adequately controlled (<140/90 mm Hg) during the measurement year. | 66.9% |
| 3. The percentage of women 50–74 years of age who had a mammogram to screen for breast cancer during the measurement year. | 81.0% |

4. Upon the first (1st) anniversary of the execution of a network Contract between Point32Health or any of its Affiliates and Baystate Health or any of its Affiliates for a product for individuals dually eligible for the Medicare Program and Medicaid Program (the “Duals Plan”), which shall be executed by the next state procurement date (anticipated to be in 2024), Point32Health shall pay to Baystate Health by wire transfer of immediately available funds an amount equal to Seven Million Dollars (\$7,000,000); provided that Baystate Health has undertaken good faith reasonable efforts, to the extent permitted by applicable Law, (a) to actively engage with Point32Health in the planning, coordination, and execution of activities to generate awareness among Baystate Health personnel, patients, and the broader community

of Baystate Health's participation in and availability of the Duals Plan, including, without limitation, (i) engagement of Baystate Health personnel through education and training, (ii) promotion within Baystate Health and the community of Baystate Health's participation in the Duals Plan, and (iii) facilitation of Point32Health's patient engagement and education activities as reasonably requested by Point32Health; and (b) to assist Point32Health with the identification of individuals interested in and eligible for the Duals Plan.

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this “Agreement”) is entered into as of _____, 20____, by and among _____ (“Purchaser”), _____ (“Seller”, and together with Purchaser, sometimes referred to individually as “Party” and collectively as the “Parties”), and JPMorgan Chase Bank, N.A. (“Escrow Agent”).

WHEREAS, the Parties have entered into that certain Affiliation Agreement, dated as of February 15, 2024 (the “Affiliation Agreement”) and that certain Earn-Out Agreement, dated as of February 15, 2024 (the “Earn-Out Agreement”); and,

WHEREAS, the Parties have agreed to deposit in escrow certain funds and wish such deposit to be subject to the terms and conditions set forth herein, and in accordance with the Affiliation Agreement and Earn-Out Agreement.

1. **Appointment.** The Parties hereby appoint Escrow Agent as their escrow agent for the purposes set forth herein, and Escrow Agent hereby accepts such appointment under the terms and conditions set forth herein.

2. **Fund; Investment.** (a) Purchaser agrees to deposit with Escrow Agent (i) Sixteen Million Five Hundred Thousand Dollars (\$16,500,000) (the “Cash Escrow Amount”) and (ii) Five Million Dollars (\$5,000,000) if and only if, with respect to subsection (ii), the Medicaid Redeterminations Measurement Date occurs after the Closing Date pursuant to Section 3.5 of the Affiliation Agreement (the “Medicaid Redeterminations Escrow Amount” and, together with the Cash Escrow Amount, the “Escrow Deposit”). Escrow Agent shall hold the Escrow Deposit in two demand deposit accounts for each of the Cash Escrow Amount (the “Cash Escrow Account”) and Medicaid Redeterminations Escrow Amount (the “Medicaid Redeterminations Escrow Account”), and shall invest and reinvest the Escrow Deposit and all interest or other income thereof (the “Fund”) in two interest bearing demand deposit accounts at JPMorgan Chase Bank, N.A., or a successor investment offered by Escrow Agent. Interest bearing demand deposit accounts have rates of compensation that may vary from time to time as determined by Escrow Agent. No other investment of the Escrow Deposit will be permitted during the term of this Agreement.

(b) Escrow Agent will not provide supervision, recommendations or advice relating to either the investment of moneys held in the Fund or the purchase, sale, retention or other disposition of any investment described herein, and each Party acknowledges that it was not offered any investment, tax or accounting advice or recommendation by Escrow Agent with regard to any investment and has made an independent assessment of the suitability and appropriateness of any investment selected hereunder for purposes of this Agreement. Escrow Agent shall not have any liability for any loss sustained as a result of any investment made pursuant to the terms of this Agreement or as a result of any liquidation of any investment prior to its maturity or for the failure of an Authorized Representative of Seller to give Escrow Agent instructions to invest or reinvest the Fund. Escrow Agent shall have the right to liquidate any investments held in order to provide funds necessary to make required payments under this Agreement.

(c) All interest or other income earned under this Agreement shall be allocated to Seller and reported, by Escrow Agent to the IRS, or any other taxing authority, on IRS Form 1099 or 1042/1042-S (or other appropriate form) as income earned from the Escrow Deposit by Seller whether or not said income has been distributed during such year. Escrow Agent shall withhold any taxes it deems appropriate in the absence of proper tax documentation or as required by law, and shall remit such taxes to the appropriate authorities. The Parties hereby represent to Escrow Agent that no other tax withholding or information reporting of any kind is required by Escrow Agent.

3. **Disposition and Termination.** (a) Escrow Agent shall release the Fund within three (3) Business Days following its receipt of and in accordance with written instructions from the Parties in substantially the form of Exhibit A annexed hereto.

Notwithstanding anything to the contrary, any instructions in any way related to the transfer or distribution of the Fund must, in order to be deemed delivered and effective, be in writing and executed by the appropriate Party or Parties as evidenced by the signatures of the person or persons signing this Agreement or one of the designated persons as set forth on the Designation of Authorized Representatives attached hereto as Schedule 1-A and 1-B (each an “Authorized Representative”), and delivered to Escrow Agent only by facsimile (as evidenced by a confirmed transmittal to the applicable Party’s or Parties’ transmitting fax number) or as a Portable Document Format (“PDF”) attached to an email only at the fax number or email address set forth in Section 8 below or through an online platform offered by Escrow Agent’s escrow services business. Escrow Agent shall not be liable to any Party or other person for refraining from acting upon any instruction for or related to the transfer or distribution of the Fund that does not satisfy the requirements herein. Escrow Agent may rely and act upon the confirmation of anyone purporting to be an Authorized Representative in connection with any of Escrow Agent’s verifying callbacks or email confirmations.

Notwithstanding anything to the contrary, the Parties acknowledge and agree that Escrow Agent (i) shall have no obligation to take any action in connection with this Agreement on a non-Business Day and any action Escrow Agent may otherwise be required to perform on a non-Business Day may be performed by Escrow Agent on the following Business Day and (ii) may not transfer or distribute the Fund until Escrow Agent has completed its security procedures.

(b) Each Party authorizes Escrow Agent to use the funds transfer instructions (“Standing Instructions”) specified for it in Schedule 3 attached hereto (as may be supplemented from time to time as described below) to disburse any funds due to such Party, without a verifying callback or email confirmation as set forth below.

(c) If any funds transfer instructions other than Standing Instructions are set forth in a permitted instruction from a Party or the Parties in accordance with this Agreement, Escrow Agent may confirm such funds transfer instructions by a telephone callback or email confirmation to an Authorized Representative of such Party or Parties and thereafter, such funds transfer instructions shall also be considered the applicable Party’s Standing Instructions hereunder. To the extent a callback or email confirmation is undertaken, no funds will be disbursed until such confirmation occurs. If multiple disbursements are provided for under this Agreement pursuant to any Standing Instructions, only the date, amount and/or description of payments may change without requiring a telephone callback or email confirmation.

(d) The persons designated as Authorized Representatives and telephone numbers and email addresses for same may be changed only in a writing executed by an Authorized Representative or other duly authorized person of the applicable Party setting forth such changes and actually received by Escrow Agent via facsimile or as a PDF attached to an email or through an online platform offered by Escrow Agent’s escrow services business. Escrow Agent may confirm any such change in Authorized Representatives by a telephone callback or email confirmation according to its security procedures.

(e) Escrow Agent and other financial institutions, including any intermediary bank and the beneficiary's bank, may rely upon the identifying number of the beneficiary, the beneficiary’s bank or any intermediary bank included in a funds transfer instruction, even if it identifies a person different from the beneficiary, the beneficiary’s bank or intermediary bank identified by name. It is understood that the purpose of Escrow Agent’s security procedures is to verify the authenticity of, and not to detect errors in, instructions.

(f) As used in this Agreement, “Business Day” shall mean any day other than a Saturday, Sunday or any other day on which Escrow Agent located at the notice address set forth below is authorized or required by law or executive order to remain closed. The Parties acknowledge that the security procedures set forth in this Section 3 are commercially reasonable. Upon delivery of the Fund in full by Escrow Agent, this Agreement shall terminate, and all the related account(s) shall be closed, subject to the provisions of Sections 6 and 7.

(g) Notwithstanding anything to the contrary contained in this Agreement, in the event that an electronic signature is affixed to an instruction issued hereunder to disburse or transfer funds, such instruction may be confirmed by a verifying callback (or email confirmation) to an Authorized Representative.

4. **Escrow Agent.** Escrow Agent shall have only those duties as are specifically and expressly provided herein, which shall be deemed purely ministerial in nature, and no other duties, including but not limited to any fiduciary duty, shall be implied. Notwithstanding anything to the contrary, Escrow Agent has no knowledge of, nor any obligation to comply with, the terms and conditions of any other agreement, Escrow Agent shall not be responsible for determining the meaning of any capitalized term not entirely defined herein, nor shall Escrow Agent be required to determine if any Party has complied with any other agreement. Notwithstanding the terms of any other agreement, the terms and conditions of this Agreement shall control the actions of Escrow Agent. Escrow Agent may conclusively rely upon any written notice, document, instruction or request delivered by the Parties believed by it to be genuine and to have been signed by an Authorized Representative(s), as applicable, without inquiry and without requiring substantiating evidence of any kind and Escrow Agent shall be under no duty to inquire into or investigate the validity, accuracy or content of any such document, notice, instruction or request. Any notice, document, instruction or request delivered by a Party but not contemplated under this Agreement may be disregarded by Escrow Agent. ESCROW AGENT SHALL NOT BE LIABLE FOR ANY ACTION TAKEN, SUFFERED OR OMITTED TO BE TAKEN BY IT IN GOOD FAITH EXCEPT TO THE EXTENT THAT ESCROW AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT WAS THE CAUSE OF ANY DIRECT LOSS TO EITHER PARTY. Escrow Agent may execute any of its powers and perform any of its duties hereunder directly or through affiliates or agents. In the event Escrow Agent shall be uncertain, or believes there is some ambiguity, as to its duties or rights hereunder or receives instructions, claims or demands from any Party hereto which in Escrow Agent’s judgment conflict with the provisions of this Agreement, or if Escrow Agent receives conflicting instructions from the Parties, Escrow Agent shall be entitled either to: (a) refrain from taking any action until it shall be given (i) a joint written direction executed by

Authorized Representatives of the Parties which eliminates such ambiguity or conflict or (ii) a court order issued by a court of competent jurisdiction (it being understood that Escrow Agent shall be entitled conclusively to rely and act upon any such court order and shall have no obligation to determine whether any such court order is final); or (b) file an action in interpleader. Escrow Agent shall have no duty to solicit any payments which may be due it or any accounts governed by this Agreement, including, without limitation, the Escrow Deposit nor shall Escrow Agent have any duty or obligation to confirm or verify the accuracy or correctness of any amounts deposited with it hereunder. The Parties grant to Escrow Agent a lien and security interest in the Fund in order to secure any indemnification obligations of the Parties or obligation for fees or expenses owed to Escrow Agent hereunder. ANYTHING IN THIS AGREEMENT TO THE CONTRARY NOTWITHSTANDING, IN NO EVENT SHALL ESCROW AGENT BE LIABLE FOR SPECIAL, INCIDENTAL, PUNITIVE, INDIRECT OR CONSEQUENTIAL LOSS OR DAMAGE OF ANY KIND WHATSOEVER (INCLUDING BUT NOT LIMITED TO LOST PROFITS), EVEN IF ESCROW AGENT HAS BEEN ADVISED OF THE LIKELIHOOD OF SUCH LOSS OR DAMAGE AND REGARDLESS OF THE FORM OF ACTION.

5. **Succession.** Escrow Agent may resign and be discharged from its duties or obligations hereunder by giving no less than thirty (30) days advance notice in writing of such resignation to the Parties or may be removed, with or without cause, by the Parties at any time after giving not less than thirty (30) days advance joint written notice to Escrow Agent. Escrow Agent's sole responsibility after such thirty (30) day notice period expires shall be to hold the Fund (without any obligation to reinvest the same) and to deliver the same to a designated substitute escrow agent, if any, appointed by the Parties, or such other person designated by the Parties, or in accordance with the directions of a final court order, at which time of delivery, Escrow Agent's obligations hereunder shall cease and terminate. If prior to the effective resignation or removal date, the Parties have failed to appoint a successor escrow agent, or to instruct Escrow Agent to deliver the Fund to another person as provided above, or if such delivery is contrary to applicable law, at any time on or after the effective resignation date, Escrow Agent may either (a) interplead the Fund with a court located in the State of Delaware and the costs, expenses and reasonable attorney's fees which are incurred in connection with such proceeding may be charged against and withdrawn from the Fund; or (b) appoint a successor escrow agent of its own choice. Any appointment of a successor escrow agent shall be binding upon the Parties and no appointed successor escrow agent shall be deemed to be an agent of Escrow Agent. Escrow Agent shall deliver the Fund to any appointed successor escrow agent, at which time Escrow Agent's obligations under this Agreement shall cease and terminate. Any entity into which Escrow Agent may be merged or converted or with which it may be consolidated, or any entity to which all or substantially all the escrow business may be transferred, shall be Escrow Agent under this Agreement without further act.

6. **Acknowledgment.** Each of the Parties agrees to the disclosures and agreements set forth in Schedule 2.

7. **Indemnification and Reimbursement.** The Parties agree jointly and severally to indemnify, defend, hold harmless, pay or reimburse Escrow Agent and its affiliates and their respective successors, assigns, directors, agents and employees (the "Indemnitees") from and against any and all losses, damages, claims, liabilities, taxes (other than taxes on income earned by an Indemnitee in connection herewith), costs or expenses (including attorney's fees) (collectively "Losses"), resulting directly or indirectly from (a) Escrow Agent's performance of this Agreement, except to the extent that such Losses are finally determined by a court of competent jurisdiction to have been caused by the gross negligence, willful misconduct, or bad faith of such Indemnitee; and (b) Escrow Agent's following, accepting or acting upon any instructions or directions, whether joint or singular, from the Parties received in accordance with this Agreement. The Parties hereby grant Escrow Agent a right of set-off against the Fund for the payment of any claim for indemnification, fees, expenses and amounts due to Escrow Agent or an Indemnitee. The obligations set forth in this Section 7 shall survive the resignation, replacement or removal of Escrow Agent or the termination of this Agreement.

8. **Notices.** Except as otherwise provided in Section 3, all communications hereunder shall be in writing (which may be a PDF attached to an email) and shall be delivered by facsimile, email or overnight courier only to the appropriate fax number, email address, or notice address set forth for each party as follows:

If to Purchaser: (street address)
(City, state [country], zip [postal code])
Attention:
Tel No.:
Fax No.:
Email Address:

Account statements
and billing: [Insert address if different from above]

With copies to: (street address)
(City, state [*country*], zip [*postal code*])
Attention:
Tel No.:
Fax No.:
Email Address:

If to Seller: (street address)
(City, state [*country*], zip [*postal code*])
Attention:
Tel No.:
Fax No.:
Email Address:

Account statements
and billing: [\[Insert address if different from above\]](#)

With copies to: (street address)
(City, state [*country*], zip [*postal code*])
Attention:
Tel No.:
Fax No.:
Email Address:

If to Escrow Agent: JPMorgan Chase Bank, N.A.
Escrow Services
(street address)
(City, state [*country*], zip [*postal code*])
Attention:
Fax No.:
Email Address:
[\[\(Jersey City\) ec.escrow@jpmorgan.com/\]](mailto:ec.escrow@jpmorgan.com/)
[\(Houston\) sw.escrow@jpmorgan.com/](mailto:sw.escrow@jpmorgan.com/)
[\(Chicago\) mw.escrow@jpmorgan.com\]](mailto:mw.escrow@jpmorgan.com/)

9. **Compliance with Directives.** In the event that a legal garnishment, attachment, levy, restraining notice, court order or other governmental order (a “Directive”) is served with respect to any of the Fund, or the delivery thereof shall be stayed or enjoined by a Directive, Escrow Agent is hereby expressly authorized, in its sole discretion, to obey and comply with all such Directives so entered or issued, and in the event that Escrow Agent obeys or complies with any such Directive it shall not be liable to any of the Parties hereto or to any other person by reason of such compliance notwithstanding such Directive be subsequently reversed, modified, annulled, set aside or vacated.

10. **Miscellaneous.** (a) The provisions of this Agreement may be waived, altered, amended or supplemented only by a writing signed by Escrow Agent and the Parties. Neither this Agreement nor any right or interest hereunder may be assigned by any Party without the prior consent of Escrow Agent and the other Party and any assignment in violation of this Agreement shall be ineffective and void. This Agreement shall be governed by and construed under the laws of the State of Delaware. Each Party and Escrow Agent irrevocably waives any objection on the grounds of venue, forum non-conveniens or any similar grounds and irrevocably consents to service of process by mail or in any other manner permitted by applicable law and consents to the jurisdiction of the courts located in the State of DELAWARE. To the extent that in any jurisdiction either Party may now or hereafter be entitled to claim for itself or its assets, immunity from suit, execution, attachment (before or after judgment) or other legal process or immunity from liability, such Party shall not claim, and hereby irrevocably waives, such immunity. Escrow Agent and the Parties further hereby knowingly, voluntarily and intentionally irrevocably waive, to the fullest extent permitted by applicable law, any right to a trial by jury with respect to any lawsuit or judicial proceeding arising or relating to this Agreement.

(b) No party to this Agreement is liable to any other party for losses due to, or if it is unable to perform its obligations under the terms of this Agreement because of, acts of God, fire, war, terrorism, floods, strikes, public health emergencies, electrical outages, equipment or transmission failure, or other causes reasonably beyond its control. This

Agreement and any joint instructions from the Parties may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument or instruction, as applicable. This Agreement may be executed and transmitted by facsimile or as a PDF attached to an email and each such execution shall be of the same legal effect, validity and enforceability as a manually executed original, wet-inked signature. If any provision of this Agreement is determined to be prohibited or unenforceable by reason of any applicable law of a jurisdiction, then such provision shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in such jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction. The Parties each represent, warrant and covenant that (i) each document, notice, instruction or request provided by such Party to Escrow Agent shall comply with applicable laws and regulations; (ii) such Party has full power and authority to enter into this Agreement and to perform all of the duties and obligations to be performed by it hereunder; and (iii) the person(s) executing this Agreement on such Party's behalf and certifying Authorized Representatives in the applicable Schedule 1 has been duly and properly authorized to do so, and each Authorized Representative of such Party has been duly and properly authorized to take actions specified for such person in the applicable Schedule 1. Except as expressly provided in Section 7 above, nothing in this Agreement, whether express or implied, shall be construed to give to any person or entity other than Escrow Agent and the Parties any legal or equitable right, remedy, interest or claim under or in respect of the Fund or this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

PURCHASER

By: _____
Name: _____
Title: _____
Phone: _____
Email: _____

**ESCROW AGENT
JPMORGAN CHASE BANK, N.A.**

By: _____
Name: _____
Title: _____

SELLER

By: _____
Name: _____
Title: _____
Phone: _____
Email: _____

EXHIBIT A-1

FORM OF ESCROW RELEASE NOTICE – JOINT INSTRUCTIONS

JPMorgan Chase Bank, N.A.
Escrow Services
[Address]
[Fax No.]
[Email Address]
Attention: [_____]

[Date]

Re: [Name of Parties] – Escrow Agreement dated [_____]]
Escrow Account no. [_____]]

Dear Sir/Madam:

We refer to an escrow agreement dated [_____]] among [_____]], [_____]] and JPMorgan Chase Bank, N.A., as Escrow Agent (the “Escrow Agreement”).

Capitalized terms in this letter that are not otherwise defined shall have the same meaning given to them in the Escrow Agreement.

Pursuant to Section 3 of the Escrow Agreement, the Parties instruct Escrow Agent to release the portions of the Fund specified below to the specified party as instructed below.

Account: [Cash Escrow Account or Medicaid Redeterminations Escrow Account]
Amount (In writing): [INSERT ONLY IF LESS THAN ENTIRE FUND IS BEING DISBURSED]]
Beneficiary:
City:
Country:

US Instructions:

Bank Name:
Bank Address:
ABA Number:
Credit A/C Name:
Credit A/C #:
Credit A/C Address:
If Applicable:
 FFC A/C Name:
 FFC A/C #:
 FFC A/C Address:

PURCHASER:

By: _____
Name:
Title:

SELLER:

By: _____

Name:

Title:

EXHIBIT A-2

FORM OF INDEMNIFICATION CLAIM NOTICE

JPMorgan Chase Bank, N.A.

Escrow Services

[Address]

[Fax No.]

[Email Address]

Attention: [_____]

[Name and Address of Seller]

[Date]

Re: [Name of Parties] – Escrow Agreement dated [_____]

Escrow Account no. [_____]

Dear Sir/Madam:

This notice is being delivered pursuant to Section ____ of the Escrow Agreement, dated _____, by and among _____ (the “Escrow Agreement”). Capitalized terms in this letter that are not otherwise defined shall have their meanings set forth in the Escrow Agreement.

[Purchaser] hereby gives notice pursuant to Section _____ of the Escrow Agreement, of a claim for indemnification made under [underlying agreement]. The amount of the claim is \$_____.

The summary for the basis of such claim is as follows:

[Insert details]

[Purchaser] hereby certifies to Escrow Agent that this notice was delivered to [Seller].

[PURCHASER]

By: _____

Name: _____

Title: _____

EXHIBIT A-3

FORM OF INDEMNIFICATION CLAIM OBJECTION NOTICE

JPMorgan Chase Bank, N.A.

Escrow Services

[Address]

[Fax No.]

[Email Address]

Attention: [_____]

[Name and Address of Purchaser]

[Date]

Re: [Name of Parties] – Escrow Agreement dated [_____]

Escrow Account no. [_____]

Dear Sir/Madam:

This notice is being delivered pursuant to Section ____ of the Escrow Agreement, dated _____, by and among _____ (the “Escrow Agreement”). Capitalized terms in this letter that are not otherwise defined shall have their meanings set forth in the Escrow Agreement.

[Seller] hereby objects to the claim for indemnification filed by [Purchaser], as described in the notice delivered by [Purchaser] to Escrow Agent dated _____, and requests that the amount of such claim not be disbursed to [Purchaser].

[Seller] hereby certifies to Escrow Agent that this notice was delivered to [Purchaser].

[SELLER]

By: _____

Name: _____

Title: _____

Schedule 1-A

[Insert name of PURCHASER]

DESIGNATION OF AUTHORIZED REPRESENTATIVES

The undersigned, _____, being the duly elected, qualified and acting _____ of _____ (“Purchaser”), does hereby certify:

1. That each of the following representatives is at the date hereof an Authorized Representative, as such term is defined in the Escrow Agreement, by and among Purchaser, Seller and Escrow Agent to which this Schedule is attached (the “Escrow Agreement”), that the signature appearing opposite each Authorized Representative’s name is the true and genuine signature of such Authorized Representative, and that each Authorized Representative’s contact information is current and up-to-date at the date hereof. Each of the Authorized Representatives is authorized to issue instructions, confirm funds transfer instructions by callback or email confirmation and effect changes in Authorized Representatives, all in accordance with the terms of the Escrow Agreement. Callbacks or emails confirming an instruction shall be made to an Authorized Representative other than the Authorized Representative who issued the instruction unless (a) only a single Authorized Representative is designated below, (b) the information set forth below changes and is not updated by Purchaser such that only the Authorized Representative who issued the instruction is available to receive a callback or email confirmation, or (c) Purchaser is an individual. Purchaser acknowledges that pursuant to this Schedule, Escrow Agent is offering an option for callback or email confirmation to a different Authorized Representative, and if Purchaser nevertheless names only a single Authorized Representative or fails to update Authorized Representative information, Purchaser agrees to be bound by any instruction, whether or not authorized, confirmed by callback or email confirmation to the issuer of the instruction.

[Insert names and contact information of individuals who can be readily available to provide instructions and/or confirm disbursements on the telephone, as needed. Authorized Representatives may be set up on and receive requests to e-sign documents on JPMorgan’s online Escrow Direct platform but will maintain the option to manually sign as well.]

| NAME | SIGNATURE | DIRECT TELEPHONE, CELL NUMBER and EMAIL ADDRESS |
|-------|-----------|---|
| _____ | _____ | (ph) _____ (cell) _____ (email) _____ |
| _____ | _____ | (ph) _____ (cell) _____ (email) _____ |
| _____ | _____ | (ph) _____ (cell) _____ (email) _____ |

2. Email confirmation not accompanied by other means of authentication (such as DocuSign initiated by Escrow Agent) approved by Escrow Agent is only permitted to a corporate email address (and not a personal email address) for purposes of this Schedule.
3. This Schedule may be signed in counterparts and the undersigned certifies that any signature set forth on an attachment to this Schedule is the true and genuine signature of an Authorized Representative and that each such Authorized Representative’s contact information is current and up-to-date at the date hereof.
4. That pursuant to Purchaser’s governing documents, as amended, the undersigned has the power and authority to execute this Designation on behalf of Purchaser.

5. Notwithstanding the above, if Purchaser is an individual and the sole Authorized Representative, no signature will be required below.

Signature: _____
Name: _____
Title: _____

FOR YOUR SECURITY, PLEASE CROSS OUT ALL UNUSED SIGNATURE LINES ON THIS SCHEDULE 1-A

All instructions, including but not limited to funds transfer instructions, whether transmitted by facsimile, set forth in a PDF attached to an email or through an online platform offered by Escrow Agent's escrow services business, must include the signature (or electronic signature subject to the conditions set forth in the Escrow Agreement) of the Authorized Representative authorizing said funds transfer on behalf of such Party.

Schedule 1-B

[Insert name of SELLER]

DESIGNATION OF AUTHORIZED REPRESENTATIVES

The undersigned, _____, being the duly elected, qualified and acting _____ of _____ (“Seller”), does hereby certify:

1. That each of the following representatives is at the date hereof an Authorized Representative, as such term is defined in the Escrow Agreement, by and among Purchaser, Seller and Escrow Agent to which this Schedule is attached (the “Escrow Agreement”), that the signature appearing opposite each Authorized Representative’s name is the true and genuine signature of such Authorized Representative, and that each Authorized Representative’s contact information is current and up-to-date at the date hereof. Each of the Authorized Representatives is authorized to issue instructions, confirm funds transfer instructions by callback or email confirmation and effect changes in Authorized Representatives, all in accordance with the terms of the Escrow Agreement. Callbacks or emails confirming an instruction shall be made to an Authorized Representative other than the Authorized Representative who issued the instruction unless (a) only a single Authorized Representative is designated below, (b) the information set forth below changes and is not updated by Seller such that only the Authorized Representative who issued the instruction is available to receive a callback or email confirmation, or (c) Seller is an individual. Seller acknowledges that pursuant to this Schedule, Escrow Agent is offering an option for callback or email confirmation to a different Authorized Representative, and if Seller nevertheless names only a single Authorized Representative or fails to update Authorized Representative information, Seller agrees to be bound by any instruction, whether or not authorized, confirmed by callback or email confirmation to the issuer of the instruction.

[Insert names and contact information of individuals who can be readily available to provide instructions and/or confirm disbursements on the telephone, as needed. Authorized Representatives may be set up on and receive requests to e-sign documents on JPMorgan’s online Escrow Direct platform but will maintain the option to manually sign as well.]

| NAME | SIGNATURE | DIRECT TELEPHONE, CELL NUMBER and EMAIL ADDRESS |
|-------|-----------|---|
| _____ | _____ | (ph) _____ (cell) _____ (email) _____ |
| _____ | _____ | (ph) _____ (cell) _____ (email) _____ |
| _____ | _____ | (ph) _____ (cell) _____ (email) _____ |

2. Email confirmation not accompanied by other means of authentication (such as DocuSign initiated by Escrow Agent) approved by Escrow Agent is only permitted to a corporate email address (and not a personal email address) for purposes of this Schedule.
3. This Schedule may be signed in counterparts and the undersigned certifies that any signature set forth on an attachment to this Schedule is the true and genuine signature of an Authorized Representative and that each such Authorized Representative’s contact information is current and up-to-date at the date hereof.
4. That pursuant to Seller’s governing documents, as amended, the undersigned has the power and authority to execute this Designation on behalf of Seller.

5. Notwithstanding the above, if Seller is an individual and the sole Authorized Representative, no signature will be required below.

Signature: _____
Name: _____
Title: _____

FOR YOUR SECURITY, PLEASE CROSS OUT ALL UNUSED SIGNATURE LINES ON THIS SCHEDULE 1-B

All instructions, including but not limited to funds transfer instructions, whether transmitted by facsimile, set forth in a PDF attached to an email or through an online platform offered by Escrow Agent's escrow services business, must include the signature (or electronic signature subject to the conditions set forth in the Escrow Agreement) of the Authorized Representative authorizing said funds transfer on behalf of such Party.

SCHEDULE 2

J.P.Morgan

Schedule of Fees and Disclosures for Escrow Agent Services

Extraordinary Services and Out-of-Pocket Expenses: Any additional services beyond our standard services as specified above, and all reasonable out-of-pocket expenses including attorney's or accountant's fees and expenses will be considered extraordinary services for which related costs, transaction charges, and additional fees will be billed at Escrow Agent's then standard rate. Escrow Agent may impose, charge, debit, pass-through and modify fees and/or charges for any account established and services provided by Escrow Agent, including but not limited to, transaction, maintenance, balance-deficiency, and service fees, agency or trade execution fees, and other charges, including those levied by any governmental authority.

Payment of the invoice is due upon receipt.

Disclosures and Agreements:

Taxes. The Parties shall duly complete such tax documentation or other procedural formalities necessary for Escrow Agent to complete required tax reporting and for the relevant Party to receive interest or other income without withholding or deduction of tax in any jurisdiction. Should any information supplied in such tax documentation change, the Parties shall promptly notify Escrow Agent. Escrow Agent shall withhold any taxes it deems appropriate in the absence of proper tax documentation or as required by law, including without limitation, the Foreign Account Tax Compliance Act ("FATCA"), and shall remit such taxes to the appropriate authorities.

Know Your Customer. To assist in the prevention of the funding of terrorism and money laundering activities, applicable law may require financial institutions to obtain, verify, and record information that identifies each person who opens an account. What this means for the Parties: when the Parties open an account, Escrow Agent may ask for each Party's name, address, date of birth (for natural persons), and/or other information and documents that will allow Escrow Agent to identify such Party. Escrow Agent may also request and obtain certain information from third party vendors regarding any Party. To fulfill Escrow Agent's "know your customer" responsibilities and in connection with its performance of this Agreement, Escrow Agent may request information and/or documentation from each Party from time to time, including, without limitation, regarding such Party's organization, business and, to the extent applicable, beneficial owner(s) of such Party, including relevant natural or legal persons, and such Party shall procure and furnish the same to Escrow Agent in a timely manner. Any information and/or documentation furnished by any Party is the sole responsibility of such Party and Escrow Agent is entitled to rely on the information and/or documentation without making any verification whatsoever (except for the authentication under the security procedures, as applicable). Each Party represents and warrants that all such information and/or documentation is true, correct and not misleading and shall advise Escrow Agent promptly of any changes and, except as prohibited by applicable law, such Party agrees to provide complete responses to Escrow Agent's requests within the timeframes specified. If any Party fails to provide or consent to the provision of any information required by this paragraph, Escrow Agent may suspend or discontinue providing any service hereunder and resign pursuant to this Agreement.

OFAC Disclosure. Escrow Agent is required to act in accordance with the laws and regulations of various jurisdictions relating to the prevention of money laundering and the implementation of sanctions, including but not limited to regulations issued by the U.S. Office of Foreign Assets Control. Escrow Agent is not obligated to execute payment orders or effect any other transaction where the beneficiary or other payee is a person or entity with whom Escrow Agent is prohibited from doing business by any law or regulation applicable to Escrow Agent, or in any case where compliance would, in Escrow Agent's opinion, conflict with applicable law or banking practice or its own policies and procedures. Where Escrow Agent does not execute a payment order or effect a transaction for such reasons, Escrow Agent may take any action required by any law or regulation applicable to Escrow Agent including, without limitation, freezing or blocking funds. Transaction screening may result in delays in the posting of transactions.

Abandoned Property. Escrow Agent is required to act in accordance with the laws and regulations of various states relating to abandoned property, escheatment or similar law and, accordingly, shall be entitled to remit dormant funds to any state as abandoned property in accordance with such laws and regulations. Without limitation of the foregoing, notwithstanding any instruction to the contrary, Escrow Agent shall not be liable to any Party for any amount disbursed from an account maintained under this Agreement to a governmental entity or public official in compliance with any applicable abandoned property, escheatment or similar law.

Information. The Parties authorize Escrow Agent to disclose information with respect to this Agreement and the account(s) established hereunder, the Parties, or any transaction hereunder if such disclosure is: (i) necessary in Escrow Agent's opinion, for the purpose of allowing Escrow Agent to perform its duties and to exercise its powers and rights hereunder or for operational or risk management purposes or compliance with legal, tax and regulatory requirements, including, without limitation, FATCA; (ii) to a proposed assignee of the rights of Escrow Agent; (iii) to a branch, affiliate, subsidiary, employee or agent of Escrow Agent or to their auditors, regulators or legal advisers or to any competent court; (iv) to the auditors of any of the Parties; or (v) required by applicable law, regardless of whether the disclosure is made in the country in which each Party resides, in which the escrow account is maintained, or in which the transaction is conducted. The Parties agree that such disclosures by Escrow Agent and its affiliates may be transmitted across national boundaries and through networks, including those owned by third parties.

Acknowledgment of Compensation and Multiple Roles. Escrow Agent is authorized to act under this Agreement notwithstanding that Escrow Agent or any of its subsidiaries or affiliates (such subsidiaries and affiliates hereafter individually called an “Affiliate” and collectively called “Affiliates”) may (A) receive fees or derive earnings (float) as a result of providing an investment product or account on the books of Escrow Agent pursuant to this Agreement or for providing services or referrals with respect to investment products, or (B) (i) act in the same transaction in multiple capacities, (ii) engage in other transactions or relationships with the same entities to which Escrow Agent may be providing escrow or other services under this Agreement, (iii) refer clients to an Affiliate for services or (iv) enter into agreements under which referrals of escrow or related transactions are provided to Escrow Agent. JPMorgan Chase Bank, N.A. may earn compensation from any of these activities in addition to the fees charged for services under this Agreement.

FDIC Disclosure. In the event Escrow Agent becomes insolvent or enters into receivership, Escrow Agent may provide to the Federal Deposit Insurance Corporation (“FDIC”) account balance information for any account governed by this Agreement, as reflected on Escrow Agent’s end-of-day ledger balance, and the customer name and tax identification number associated with such accounts for the purposes of determining the appropriate deposit insurance coverage. Funds held in such accounts will be insured by the FDIC under its applicable rules and limits.

THE FOLLOWING DISCLOSURES ARE REQUIRED TO BE PROVIDED UNDER APPLICABLE U.S. REGULATIONS, INCLUDING, BUT NOT LIMITED TO, FEDERAL RESERVE REGULATION D. WHERE SPECIFIC INVESTMENTS ARE NOTED BELOW, THE DISCLOSURES APPLY ONLY TO THOSE INVESTMENTS AND NOT TO ANY OTHER INVESTMENT.

Demand Deposit Account Disclosure. Escrow Agent is authorized, for regulatory reporting and internal accounting purposes, to divide an escrow demand deposit account maintained in the U.S. in which the Fund is held into a demand deposit internal account and a savings internal account, and to transfer funds on a daily basis between these internal accounts on Escrow Agent’s general ledger in accordance with U.S. law at no cost to the Parties. Escrow Agent will record the internal accounts and any transfers between them on Escrow Agent’s books and records only. The internal accounts and any transfers between them will not affect the Fund, any investment or disposition of the Fund, use of the escrow demand deposit account or any other activities under this Agreement, except as described herein. Escrow Agent will establish a target balance for the demand deposit internal account, which may change at any time. To the extent funds in the demand deposit internal account exceed the target balance, the excess will be transferred to the savings internal account, unless the maximum number of transfers from the savings internal account for that calendar month or statement cycle has already occurred. If withdrawals from the demand deposit internal account exceeds the available balance in the demand deposit internal account, funds from the savings internal account will be transferred to the demand deposit internal account up to the entire balance of available funds in the savings internal account to cover the shortfall and to replenish any target balance that Escrow Agent has established for the demand deposit internal account. If a sixth transfer is needed during a calendar month or statement cycle, it will be for the entire balance in the savings internal account, and such funds will remain in the demand deposit internal account for the remainder of the calendar month or statement cycle.

MMDA Disclosure and Agreement. Escrow Agent is required by U.S. law to reserve the right to require at least seven (7) days’ notice prior to a withdrawal from a money market deposit account.

Account Use. The Parties acknowledge and agree that the Fund may not be deposited or withdrawn by the Parties unless pursuant to the terms of this Agreement and consistent with the underlying purpose of this Agreement as communicated to Escrow Agent by the Parties, and the Fund will not be used for the general operating needs of the Parties while the Fund is held in any accounts governed by this Agreement.

Unlawful Internet Gambling. The use of any account to conduct transactions (including, without limitation, the acceptance or receipt of funds through an electronic funds transfer, or by check, draft or similar instrument, or the proceeds of any of the foregoing) that are related, directly or indirectly, to unlawful Internet gambling is strictly prohibited.

Recordings. Each Party and Escrow Agent consent to the other party or parties making and retaining recordings of telephone conversations between any Party or Parties on one hand and Escrow Agent on the other hand in connection with Escrow Agent’s security procedures.

Use of Electronic Records and Signatures. As used in this Agreement, the terms “writing” and “written” include electronic records, and the terms “execute”, “signed” and “signature” include the use of electronic signatures. Notwithstanding any other provision of this Agreement or the attached Exhibits and Schedules, any electronic signature that is presented as the signature of the purported signer, regardless of the appearance or form of such electronic signature, may be deemed genuine by Escrow Agent in Escrow Agent’s sole discretion, and such electronic signature shall be of the same legal effect, validity and enforceability as a manually executed, original, wet-inked signature. Any electronically signed agreement shall be an “electronic record” established in the ordinary course of business and any copy shall constitute an original for all purposes. The terms “electronic signature” and “electronic record” shall have the meanings ascribed to them in 15 USC § 7006. This Agreement and any instruction or other document furnished hereunder may be transmitted by facsimile or as a PDF file attached to an email.

SCHEDULE 3

STANDING INSTRUCTIONS

| Purchaser: | | Seller: | |
|-------------------|--|------------------|--|
| Bank Name: | | Bank Name: | |
| Bank Address: | | Bank Address: | |
| ABA number: | | ABA number: | |
| Credit A/C Name: | | Credit A/C Name: | |
| Credit A/C # | | Credit A/C # | |
| If Applicable: | | If Applicable: | |
| FFC A/C Name: | | FFC A/C Name: | |
| FFC A/C #: | | FFC A/C #: | |
| FFC A/C Address: | | FFC A/C Address: | |

SCHEDULE 4

ESCROW DIRECT (ONLINE PLATFORM) – ADDITIONAL USERS

Please list the names and email addresses of any additional contacts other than Authorized Representatives and contacts with email addresses listed in the Notice Section who shall have access for this transaction in Escrow Direct. Note that Authorized Representatives will be entitled to full access to Escrow Direct and contacts with email addresses in the notice section will automatically be added as additional users.

Purchaser:

Name:

Email Address:

Name:

Email Address:

Seller:

Name:

Email Address:

Name:

Email Address:

TRANSITION SERVICES AGREEMENT

This Transition Services Agreement (this “**Agreement**”) is made and entered into as of February 15, 2024 (the “**Effective Date**”), by and between Point32Health, Inc. (“**Point32Health**”) and Baystate Health, Inc. (“**Baystate**”). Point32Health and Baystate are referred to herein individually as a “**Party**” and collectively as the “**Parties.**”

RECITALS

WHEREAS, the Parties, contemporaneously with the execution of this Agreement, have consummated the transactions contemplated by that certain Affiliation Agreement between the Parties, dated as of February 15, 2024 (the “**Affiliation Agreement**”), including, but not limited to, Point32Health becoming the sole corporate member of Baystate’s former Affiliate, Health New England, Inc. (“**HNE**”), the parent company of each of HNE’s Subsidiaries (collectively with HNE, the “**Companies**”); and

WHEREAS, the Parties are entering into this Agreement pursuant to which Baystate will provide the Companies with certain transition services with respect to the Companies’ Business upon the terms and subject to the conditions specified herein.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Performance of Services.

a. Except (i) as otherwise provided in this Agreement or **Schedule I** or (ii) set forth in service level agreements (“**SLAs**”) mutually agreed upon by the Parties for certain of the services listed on **Schedule I**, Baystate, or an Affiliate thereof, shall use commercially reasonable efforts to perform the services set forth in **Schedule I** (the “**Services**”) in a professional, timely and competent manner using reasonable care, skill and diligence, and consistent with the standards (including, without limitation, with respect to timeliness, quality, degree of care, skill, and prudence) adhered to by Baystate in the operation of the Companies prior to the Effective Date, and in compliance in all material respects with all applicable laws and regulations (collectively, the “**Standard of Care**”). Any references in this Agreement to “**Schedule I**” shall mean such Schedule as in effect on the date hereof and as the same may be amended from time to time in accordance with the terms hereof.

b. All employees and representatives of Baystate or its Affiliates providing the Services hereunder (collectively, the “**Transition Services Employees**”) shall for all purposes (including compensation and employee benefits) be and remain employees or representatives solely of Baystate or an Affiliate thereof. In performing their respective duties hereunder, all Transition Services Employees shall be under the direction, control, and supervision of Baystate (and not of Point32Health or its Affiliates), and Baystate shall have the sole right to exercise all authority with respect to the employment (including termination of employment), assignment, and compensation of such Transition Services Employees, and shall be responsible for direct payment

and distribution of the wages and benefits, taxes, liabilities and all other costs of such Transition Services Employees. Except as otherwise provided in this Agreement, Baystate shall have full authority to select the means, methods and manner of performing the Services, and shall at all times assign sufficient resources and qualified personnel as are reasonably required to perform the Services in accordance with the standards set forth in this Agreement.

c. Subject to Section 7, the Parties shall use good faith efforts to cooperate with each other in all matters relating to the provision and receipt of Services, including, without limitation, (i) exchanging information reasonably requested by the other Party hereto; (ii) ongoing reporting as set forth in Section 7.15 of the Affiliation Agreement; and (iii) cooperating, as reasonably requested by the other Party hereto, in obtaining timely decisions, approvals and acceptances, and obtaining all consents, licenses, sublicenses or approvals necessary or desirable in order to permit each Party hereto to perform its obligations under this Agreement in a timely and efficient manner. Point32Health shall provide Baystate with such access to Companies' assets and information regarding the Companies' Business as Baystate shall reasonably request from time to time to permit it to perform the Services; *provided*, that Point32Health shall be required to disclose such information only to the extent that such information is reasonably necessary for the performance of the Services by Baystate. Baystate shall direct its employees to use such information only in connection with the performance of Services.

d. Notwithstanding anything to the contrary contained herein, in providing the Services, Baystate will not be obligated to: (i) hire any additional employees or maintain the employment of any specific employee (provided that the Parties are able to otherwise comply with their obligations under this Agreement); (ii) take any action that would violate any applicable Law or breach any applicable contract; (iii) renew or extend any existing contracts pursuant to which any Services are provided by a third party for longer than the Term (as defined below); or (iv) as applicable, materially increase the volume, amount, level, or frequency of Services relative to the highest volume, amount, level, or frequency of Services provided to the Companies at any time during the twelve (12) months immediately prior to the Effective Date.

2. Payment for Services.

a. The fees to be paid by Point32Health to Baystate for the Services (the "Service Fees") are set forth in Schedule I.

b. Baystate shall deliver invoices to Point32Health for the Services (as specified in Schedule I) provided hereunder in arrears on a monthly basis, along with reasonable documentation and support for amounts invoiced. Point32Health shall pay the amount of such invoice by wire transfer or other electronic payment (ACH) to Baystate within thirty (30) business days of the date of receipt of such invoice to the account specified by Baystate. Subject to Section 2(d), any invoice related to the Services which is not paid within thirty (30) business days of Point32Health's receipt of such invoice shall accrue interest from the due date of such invoice at the prime rate, as from time to time reported in the Eastern edition of *The Wall Street Journal*, until paid in full, together with such accrued interest.

c. Subject to Section 2(d), Point32Health shall pay the full amount of the Service Fees and shall not set-off, counterclaim or otherwise withhold any amount owed to Baystate under the Agreement on account of any obligation owed or claimed to be owed by Baystate or its Affiliates to Point32Health, Companies, or any of their respective Affiliates under any document or instrument.

d. In the event of a payment dispute, Point32Health shall deliver a written statement to Baystate prior to the date payment is due listing all disputed items and providing a reasonably detailed description of each disputed item. Amounts not so disputed shall be deemed accepted and shall be paid, notwithstanding disputes on other items, within the period set forth in Section 2(b). The Parties shall seek to resolve all such disputes expeditiously and in good faith.

e. The Parties agree to abide by the terms of the business associate addendum, attached hereto as Exhibit A.¹

3. Additional Services. From time to time, a Party may request another Party to perform certain new activities for such Party (related to, but not included in the Transition Services provided hereunder) (the “**Additional Services**”). Following a request for Additional Services, the Parties will discuss and negotiate in good faith regarding the terms relating to the provision of such Additional Services. In the event that the Parties reach a mutual agreement with respect to the provision of such Additional Services, the Parties shall amend this Agreement in writing (or enter into a signed, written statement of work) as necessary to include such Additional Services (including a description of the Additional Services (including any work product or deliverables) to be provided and the timing for the Additional Services), memorialize any additional fees relating to such Additional Services and the timing of payment, and any rights of termination relating to the Additional Services, and such Additional Services shall be deemed “Services” hereunder. Nothing contained in this Section 3 shall require the Parties to reach any agreement with respect to the provision of Additional Services and a Party may decline to provide such Additional Services in good faith.

4. Records. During the Term, Baystate shall create and maintain, in accordance with its record retention policies, complete, true, and accurate records in connection with the provision of the Services and this Agreement, including financial records and accounts in accordance with the manner in which such records and accounts have been maintained by Baystate prior to the Effective Date, necessary to support the amount set forth on the invoices and the amount charged for the Services. The Companies or its representatives shall have the right, at reasonable times and upon reasonable written notice, to examine any or all such records and accounts.

5. Term; Termination.

a. Baystate shall provide the Services for a term (the “**Term**”) commencing on the Effective Date and ending on the earliest to occur of (i) the period of time set forth in

¹ **Note to Draft:** BAA to be negotiated by the Parties prior to the Execution Date. Point32Health’s form of BAA as covered entity will be leveraged for such negotiation.

Schedule I with respect to a particular Service and (ii) the termination of the Term pursuant to this **Section 5**; unless earlier terminated by the mutual agreement of the Parties.

b. Point32Health may terminate its rights to receive all or any portion of the Services and any corresponding obligations to pay for such Services to the extent not yet performed at any time prior to the end of the date specified on Schedule I or prior to the end of the Term, as applicable, upon thirty (30) days written notice (“**Termination Notice**”) to Baystate setting forth the Services that Point32Health no longer desires Baystate to perform. If Baystate, prior to the receipt a Termination Notice from Point32Health and at the written request of Point32Health, entered into or extended the term of any agreement with a third-party to provide such Services (an “**Extended Contract**”), then Point32Health shall bear any additional costs or expenses arising under such Extended Contract to the extent such additional cost or expense would not have otherwise arisen but for Baystate entering into such Extended Contract and the associated Services having been early terminated by Point32Health. The Parties shall cooperate in good faith regarding the reduction, termination or continuation of service contracts with any third-party during the Term.

c. From and after the date specified in any Termination Notice delivered by Point32Health to Baystate in accordance with this **Section 5(c)**, Baystate shall have no obligation to perform, and Point32Health shall have no right to receive (and shall be under no obligation to pay Service Fees relating to), such Services as have been terminated, but such Termination Notice shall not relieve Baystate of its continuing duty to provide, or relieve Point32Health of its obligation to pay for, those Services that have prior to such date been performed or which have not been terminated in accordance with the terms of this Agreement.

d. If at any time during the Term a Party is in default of this Agreement (including any failure to pay any amount by the due date thereof) (a “**Default**”), the other Party may give the defaulting Party written notice (a “**Default Notice**”) of such Default. Such Default Notice shall specify the Default and the actions which must be taken to cure such Default; *provided*, that, in the case of a Default of Point32Health and following receipt of such Default Notice, Baystate may (i) cease performance of the Services until such time as the Default has been cured by Point32Health or (ii) to the extent such Default has not been cured by Point32Health within thirty (30) days of Point32Health’s receipt of such Default Notice, terminate the Agreement upon written notice to Point32Health.

e. **Section 2**, this **Section 5(e)**, **Sections 6** through **9**, and Point32Health’s obligation to pay Baystate for Services provided prior to termination of the Term shall all survive termination of the Term.

6. Indemnification; Limitation of Liability.

a. Each Party shall indemnify, defend and hold harmless the other Party and its Affiliates and their respective officers, directors, shareholders, employees, representatives, agents and trustees from and against any and all claims, damages, out-of-pocket costs, losses, liabilities and out-of-pocket expenses (including reasonable attorneys’ fees) in connection with

any and all claims or actions made or brought by third parties resulting from, arising out of, or in connection with such Party's breach of this Agreement or gross negligence or willful misconduct, except in circumstances where the other Party has committed any act or omission constituting gross negligence or willful misconduct.

b. NO PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGES OR LOSSES, INCLUDING WITHOUT LIMITATION, LOST PROFITS, HOWEVER CAUSED AND BASED ON ANY THEORY OF LIABILITY (INCLUDING NEGLIGENCE) ARISING IN ANY WAY OUT OF THIS AGREEMENT, WHETHER OR NOT SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, EXCEPT WITH RESPECT TO THE INDEMNIFICATION OBLIGATIONS SET FORTH IN SECTION 6(a), IN WHICH CASE SUCH DAMAGES OR LOSSES SHALL ONLY BE INDEMNIFIABLE TO THE EXTENT ACTUALLY AWARDED TO A THIRD PARTY. NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, THIS SECTION 6(b) SHALL IN NO WAY LIMIT A PARTY'S LIABILITY OR OBLIGATIONS HEREUNDER (INCLUDING THE AMOUNT OF DAMAGES FOR WHICH SUCH PARTY MAY BE LIABLE) OR OTHER RIGHTS AND REMEDIES AT LAW WITH RESPECT TO: (I) A PARTY'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT; OR (II) BREACHES OF SECTION 7 BY SUCH PARTY OR ITS AFFILIATES.

c. Other than as expressly set forth in this Agreement, Baystate makes no express or implied warranties or guarantees with respect to the Services. No warranty of adequacy, merchantability or fitness for a particular purpose shall apply to the Services. Baystate provides no assurance that any of the Services provided hereunder will be error free, but, in the case of errors, and as Point32Health's sole remedy for such errors, Baystate will endeavor to remedy such errors in the same manner as Baystate historically remedied such errors in the operation of the Companies prior to the Effective Date, subject to the provisions of this Agreement, and in compliance in all material respects with all applicable laws and regulations.

7. Confidentiality; Injunctive Relief.

a. In addition to any obligations of confidentiality pursuant to other agreements between or among the Parties, each of Point32Health and Baystate agrees that, during the Term and for a period of one (1) year after termination of this Agreement pursuant Section 5, it shall, and shall cause its Affiliates to, hold in confidence and, without the prior written consent of the Party to whom the information relates, not disclose to any person, or use or exploit for its own purposes (other than for purposes of providing the Services to the Companies pursuant to this Agreement), any Confidential Information received by it from the other Party hereto (or any such Party's affiliates or subsidiaries) during the provision of the Services or related to the subject matter or performance of this Agreement. In the event that any Party is legally compelled to disclose any Confidential Information pursuant to applicable Law (as defined in the Affiliation Agreement) or the rules and regulations of any applicable regulatory body or Governmental Authority (as defined in the Affiliation Agreement) to which such Party is subject, the disclosure shall be limited to only such Confidential Information which is required to be disclosed according

to the legal advice from counsel after providing notice to, and an opportunity to obtain a protective or similar order by, the non-disclosing Party (unless delivery of such notice is prohibited by applicable law); *provided*, that the provisions of this Section 7(a) will not prohibit any retention of copies of records or disclosure (i) required by any applicable law so long as reasonable prior notice is given of such disclosure and a reasonable opportunity is afforded to contest the same or (ii) made in connection with the enforcement of any right or remedy relating to this Agreement. “**Confidential Information**” means all proprietary or business sensitive information of the Business, whether in oral, written, graphic, machine-readable or tangible form, and whether or not registered, and including all notes, plans, records, documents and other evidence thereof, including but not limited to all “know-how,” patient lists, details of client or consulting contracts, pricing policies, operational methods, marketing plans or strategies, product development techniques or plans, procurement and sales activities, promotion and pricing techniques, credit and financial data concerning customers, business acquisition plans or any portion or phase of any scientific or technical information, discoveries, computer software or programs used or developed in whole or in part by the Business (including source or object codes), processes, procedures, formulas or improvements, algorithms, computer processing systems and techniques, price lists, customer lists, procedures, improvements, concepts and ideas, business plans and proposals, technical plans and proposals, research and development, budgets and projections, technical memoranda, research reports, designs and specifications, new product and service developments, comparative analyses of competitive products, services and operating procedures, and other information, data and documents, regardless of whether any of such information, data or documents qualify as a “trade secret” under applicable federal or state law; *provided*, that Confidential Information shall not include any of the foregoing information which is in the public domain as of the Effective Date or which becomes public thereafter other than as a consequence of disclosure by Baystate in violation of this Agreement.

b. The non-disclosing Party shall promptly (but, in all events, within thirty (30) days of the disclosing Party’s request) return and cause to be returned, or, at the disclosing Party’s option, promptly destroy and cause to be destroyed, all copies of records containing the disclosing Party’s Confidential Information upon Baystate’s cessation of work, completion of Baystate’s obligations associated with such Confidential Information under the Agreement, or upon any earlier termination of the Agreement for any reason whatsoever. At disclosing Party’s request, the non-disclosing Party shall certify in writing that it has complied with this Section 7(b).

c. Each Party acknowledges that any breach or threatened breach of the provisions of this Section 7 will cause irreparable injury to the affected Party for which an adequate monetary remedy does not exist. Accordingly, in the event of any such breach or threatened breach, the affected Party shall be entitled, in addition to the exercise of other remedies, to seek injunctive relief, from any court of competent jurisdiction, wherever located, without necessity of posting a bond, restraining a Party from committing such breach or threatened breach.

8. Insurance Requirements.

a. During the Term and at all times that Baystate performs Services for Point32Health under this Agreement, Baystate shall maintain in full force and effect, at Baystate's expense, insurance coverage to include:

- i) Workers Compensation and Employers' Liability in compliance with the local law requirements of the state/country/jurisdiction in which the Services are to be performed under this Agreement. The policy shall include Employers' Liability for not less than \$750,000 per accident and \$750,000 per employee by disease.
- ii) Commercial General/Public Liability Insurance with limits not less than a Combined Single Limit for Bodily Injury and Property Damage of \$1,000,000 per occurrence and \$2,000,000 in the aggregate and coverage shall include Damage to Rented Premises, Medical Expenditure, Personal/Advertising and Products/Completed Operations liability.
- iii) Excess Liability Insurance with limits not less than \$25,000,000 per occurrence and in the aggregate.
- iv) Information security/cyber insurance with limits not less than \$5,000,000 primary/\$5,000,000 excess per occurrence and \$5,000,000 primary/\$5,000,000 excess in the aggregate.
- v) Professional Liability Insurance, in an amount not less than \$1,000,000 per claim and \$3,000,000 annual aggregate, covering acts, errors, omissions, and negligence by Baystate.

b. Baystate will (i) make commercially reasonable efforts to cause subcontractors, if any, to carry Professional Liability Insurance in an amount not less than \$1,000,000 per occurrence and \$3,000,000 annual aggregate, covering acts, errors, omissions, and negligence by such subcontractors; or (ii) if subpart (i) of this subsection (b) is not practical, cause such subcontractors to carry insurance commensurate with the Services to be performed by such subcontractor.

c. All of the policies above shall name Point32Health and its applicable Affiliates as additional insureds and the insurance afforded the additional insureds shall apply as primary insurance and no other insurance carried by any of them shall be called upon to contribute to a loss covered thereunder.

d. Baystate or the applicable insurer shall provide to Point32Health thirty (30) days written notice prior to cancellation, non-renewal or material modification of the insurance policies required to be maintained hereunder, to be sent to Point32Health at its address

for notices hereunder, marked "Attention: Risk Management". All insurance carriers must be licensed in the state in which the work is to be performed.

e. Within (i) thirty (30) days of the Effective Date of this Agreement, (ii) at least once annually thereafter, and (iii) as reasonably requested by Point32Health, Baystate shall furnish Point32Health with its Certificate of Insurance evidencing the insurance policies required to be maintained hereunder, as well as endorsements supporting compliance with insurance requirements.

f. Baystate agrees to notify Point32Health, or to cause Point32Health to be notified, in writing within thirty (30) days, of becoming aware of any incurred claims from any cause that may erode the above limits by more than fifty percent (50%) and, upon request of Point32Health, agrees to reinstate the limits to the full required amount or purchase additional insurance at its own expense within thirty (30) days.

9. General.

a. **Entire Agreement; Amendment.** This Agreement embodies the entire agreement and understanding between the Parties with respect to the subject matter hereof and supersedes all prior agreements and understandings relating to the subject matter hereof. This Agreement, **Schedule I** and the Exhibits hereto may be amended, and any provision hereof or thereof may be waived, only by a written agreement signed by Point32Health and Baystate.

b. **Governing Law; Jurisdiction.** This Agreement and all disputes or controversies arising out of or relating to this Agreement or the transactions contemplated hereby shall be governed by, and construed in accordance with, the internal laws (including statutes of limitations) of the Commonwealth of Massachusetts, without regard to the laws of any other jurisdiction that might be applied because of the conflicts of laws principles of the Commonwealth of Massachusetts. Each of the Parties irrevocably agrees that any legal action or proceeding arising out of or relating to this Agreement or for recognition and enforcement of any judgment in respect hereof brought by any other Party or its successors or assigns may be brought and determined by a superior court of the Commonwealth of Massachusetts, and each of the Parties hereby irrevocably submits to the exclusive jurisdiction of the aforesaid court for itself and with respect to its property, generally and unconditionally, with regard to any such action or proceeding arising out of or relating to this Agreement and the transactions contemplated hereby (and agrees not to commence any action, suit or proceeding relating thereto except in such courts). Each of the Parties further agrees to accept service of process in any manner permitted by such court. Each of the Parties hereby irrevocably and unconditionally waives, and agrees not to assert, by way of motion or as a defense, counterclaim or otherwise, in any action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby, (a) any claim that it is not personally subject to the jurisdiction of the above-named courts for any reason other than the failure lawfully to serve process, (b) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such court (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (c) to the fullest extent permitted by Law, that (i) the suit, action or

proceeding in any such court is brought in an inconvenient forum, (ii) the venue of such suit, action or proceeding is improper or (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts.

c. Waiver of Trial by Jury. THE PARTIES HERETO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE THE RIGHT ANY MAY HAVE TO A TRIAL BY JURY IN RESPECT TO ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS AGREEMENT AND ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONNECTION HEREWITH, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY IN CONNECTION WITH SUCH AGREEMENTS.

d. No Third-Party Beneficiaries. Nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon or give any person other than the Parties, and their successors or permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement or result in such person being deemed a third-party beneficiary of this Agreement.

e. Force Majeure. Notwithstanding anything in this Agreement to the contrary, if Baystate's performance of this Agreement or of any obligation hereunder is prevented, restricted or interfered with by reason of: (i) acts of God, explosion, fire, storm, flood, drought, earthquake, landslide, riot, war (whether declared or not), strikes, lockouts or other industrial disturbances, pandemics, epidemics, sabotage or act of terrorism; (ii) orders, restraints or decrees or action of any court or governmental authority or official or of any civil or military authority; or (iii) any other cause or event not within the reasonable control of Baystate, in each case to the extent not caused by Baystate, whether similar or dissimilar to those specified (each, an "**Event of Force Majeure**"), then, upon written notice to Point32Health of such Event of Force Majeure, Baystate shall not be considered in default or be liable to Point32Health for any delay in performance or non-performance caused by such Event of Force Majeure, and Baystate shall be excused from such performance to the extent of such delay in performance or non-performance; *provided*, that Baystate shall resume performance hereunder as soon as practicable after such causes are removed. Baystate will promptly give written notice to Point32Health upon learning of any Event of Force Majeure affecting Baystate's obligations under this Agreement.

f. Relationship of Parties. The Parties acknowledge and agree that Baystate is an independent contractor in the performance of each and every part of this Agreement and nothing herein shall be construed to be inconsistent with this status. Baystate shall render and perform the Services as an independent contractor. Nothing herein contained shall be deemed or construed by any Party or for any other Person as creating the relationship of principal and agent or of partnership, joint employers or joint venture by the Parties, or any fiduciary duty owed by one Party to the other Parties or any of their respective Affiliates.

g. Headings. The headings of the Sections of this Agreement are for convenience only and in no way modify, interpret or construe the meaning of specific provisions of the Agreement.

h. Notices. All notices, demands and other communications pertaining to this Agreement (“**Notices**”) shall be in writing addressed as follows:

If to Baystate, to:

Baystate Health
280 Chestnut Street
Springfield, MA 01199
Attention: Senior Vice President, Chief Financial Officer and Treasurer
Email: Raymond.McCarthy@baystatehealth.org

with a copy (which shall not constitute notice) to:

McDermott Will and Emery LLP
200 Clarendon Street, Floor 58
Boston, MA 02116
Attention: Patrick Healy
Email: phealy@mwe.com

If to Point32Health and the Companies, to:

Point32Health
1 Wellness Way
Canton, MA 02021
Attention: Adam Scott, President, Diversified Businesses
Email: Adam.Scott@point32health.org

with a copy (which shall not constitute notice) to:

Point32Health
1 Wellness Way
Canton, MA 02021
Attention: Susan Kee, Chief Legal Officer
Email: Susan.Kee@point32health.org

Notices shall be deemed given (a) five (5) Business Days after being mailed by certified United States mail, postage prepaid, return receipt requested or (b) on the first (1st) Business Day after being sent, prepaid, by nationally recognized overnight courier that issues a receipt or other confirmation of delivery. Any Party may change the address to which Notices under this Agreement are to be sent to it by giving written notice of a change of address in the manner provided in this Agreement for giving Notice.

i. Counterparts. This Agreement may be signed in any number of counterparts with the same effect as if the signature on each such counterpart were on the same instrument. Facsimiles or other electronic forms of signatures (including “.pdf”) shall be deemed to be originals.

j. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

k. Assignment. This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors and permitted assigns, including any successor which acquires all or substantially all of the business of a Party or such Party’s direct or indirect parent (whether by merger, acquisition of membership interests, purchase of assets, or otherwise) (a “**Successor**”), *provided*, that in no event shall any assignment of rights or delegation of duties relieve the Parties hereto of their respective obligations hereunder. No Party shall assign any of its rights under this Agreement without the prior written consent of the other Party except (subject to the proviso at the end of the first sentence of this Section 9(k)) for an assignment to a Successor.

l. Definitions. Capitalized terms used but not defined in this Agreement shall have the meanings given to such terms in the Affiliation Agreement.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the Parties have caused this Transition Services Agreement to be duly executed by their authorized representatives on the day and year first above written.

BAYSTATE HEALTH, INC.

By: _____
Name: _____
Title: _____

POINT32HEALTH, INC.

By: _____
Name: _____
Title: _____

Schedule I

Services; Service Fees

| Service | Description | Post-Effective Date Duration | Post-Effective Date Cost |
|-----------------------------|---|-------------------------------------|--|
| Exabeam | Security Event monitoring and tool across HNE Data Center, work performed by Baystate staff. | Up to 150 days | \$15,000 per month |
| Reliaquest | 24x7 monitoring of system events for security, work performed by Baystate staff. | Up to 150 days | \$20,000 per month |
| ServiceNow | IT Request tracking tool only, no Services. | Up to 90 days | \$25,000 per month |
| NetSpi Penetration Test | This annual test is performed by vendor to identify vulnerabilities, assess defenses, and simulate real-world attacks. | Up to 90 days | \$20,000 per occurrence as requested by Point32Health (generally performed annually) |
| Ivanti | This vendor solution provides centralized updates to servers by performing software patches based on the criticality of the system and using policies and processes to address vulnerabilities. | Up to 90 days | \$10,000 per month Licenses only; HNE staff performs the work. |
| Genesys Pure Connect | Phone system for member services. <i>Note: currently scheduled to be replaced with HNE only system summer, 2024</i> | Up to 120 days | \$20,000 per month |
| Servers & Related Equipment | Redundancy to HNE Monarch facility data center housed at the Baystate Main Street data center (located at 3601 Main Street, Springfield, MA) and related connections to HNE environment. | Up to 18 months | \$20,000 per month |
| Security Services | Security services and support to HNE at the level Baystate provides as of the Effective Date. | Up to 150 days | \$25,000 per month |

| | | | |
|-----------------------------|--|-----------------|--------------------|
| Security Compliance Support | Security compliance support, including artifacts repository, availability for auditors and Point32Health IT leadership, and use of current policies and procedures as needed. | Up to 18 months | \$10,000 per month |
| Incident Response | Incident response execution and communications, including the engagement of an incident response firm, as appropriate, for support that will allow Point32Health access to all artifacts developed and key communications related to the response. | Up to 150 days | \$7,500 per month |

Exhibit A

Business Associate Addendum

See attached.

Point32Health



Contact:

Philip Tracey/philip.tracey@point32health.org

Kathleen Makela/kathleen.makela@point32health.org

Lori Howley/Lauralee.Howley@baystatehealth.org

Judith Danek/jdaneke@hne.com

FOR IMMEDIATE RELEASE

**Point32Health Signs Definitive Agreement
With Baystate Health to Acquire Health New England**

Acquisition would maximize Point32Health and Health New England's commitment to high-quality, affordable health care throughout the region

Canton, Mass., and Springfield, Mass., (February 15, 2024) - Point32Health, the not-for-profit parent company of Harvard Pilgrim Health Care and Tufts Health Plan, announced today it has signed a definitive agreement with Baystate Health to acquire its subsidiary, Health New England.

Health New England, a not-for-profit health plan in Springfield, offers a range of plans in the commercial, Medicaid and Medicare markets and serves approximately 180,000 members concentrated in Western Massachusetts. Point32Health, a leading health and wellbeing organization based in Canton, offers employer-sponsored plans; Medicare and Medicaid plans; plans on the state exchange and plans for those who are dually eligible for Medicare and Medicaid. Point32Health serves 1.9 million members in Massachusetts, Maine, Connecticut, New Hampshire and Rhode Island.

The acquisition is expected to improve product offerings and expand access to a broader network with wider geographic reach. Among both organizations' shared priorities is expanding high-quality programs and services, particularly those that cover underserved populations and seniors, as well as maximizing the benefits that not-for-profit health plans provide to communities.

"Preserving and enhancing strong, high-quality, not-for-profit health plans is critical for Massachusetts health care," said Cain A. Hayes, president and CEO of Point32Health. "We are excited at the possibility of welcoming Health New England into the Point32Health family of companies. As the only two health plans in the state that serve commercial, Medicaid and Medicare populations, we have the commitment and expertise to serve people of all socioeconomic backgrounds, especially the underserved, and to improve members' quality of life through programs and services that improve whole person health."

"It is vitally important to the communities that we serve that Health New England and its programs continue to grow and evolve," said Mark Keroack, MD, CEO of Baystate Health. "Point32Health is a vibrant organization and is widely recognized for the quality of its products, strength of its network and commitment to underserved populations. Point32Health offers resources necessary to support Health

New England members by advancing its efforts to support wellness, population health and disease management throughout the region.”

Point32Health will harness the strengths of both organizations and bring value to Health New England members and the broader community by:

- **Providing greater value to consumers by combining our complementary strengths, administrative efficiencies and a broader product offering**
- **Expanding access to care for underserved populations and preserving not-for-profit options through extensive experience in serving these populations**
- **Advancing the quality of health care members receive through a deep commitment to addressing behavioral health, health equity and social determinants of health**

The agreement, which was unanimously approved by the Board of Directors of Point32Health and the Board of Trustees of Baystate Health, is subject to regulatory approvals.

About Point32Health

Point32Health is a leading not-for-profit health and well-being organization, delivering a better health care experience to our members and the communities we serve. One of the top twenty health plans in the United States, Point32Health builds on the quality of our founding organizations, Tufts Health Plan and Harvard Pilgrim Health Care.

At Point32Health, we believe that everyone should have equitable access to affordable, high-quality health care, regardless of their age, race, ethnicity, socioeconomic status, orientation, gender identity or ability. We offer a diverse range of health plans that help improve the health and wellness of the 1.9 million members we serve. Every day, we work to deliver on our purpose of guiding and empowering healthier lives for everyone.

We are proud that our Harvard Pilgrim Health Care Commercial Combined HMO and POS plans in Massachusetts and Maine, our Exchange HMO plans in Massachusetts and Maine, as well as Tufts Health Plan’s Medicaid and Exchange HMO plans, have received full Health Equity Accreditation from the National Committee for Quality Assurance (NCQA).

About Baystate Health

Baystate Health is a not-for-profit, integrated healthcare system serving over 800,000 people throughout western Massachusetts. Baystate Health is the largest healthcare organization in western Massachusetts. With roots dating to the founding of Springfield Hospital in 1883, Baystate Health has been providing high-quality and compassionate healthcare in the Pioneer Valley for more than 140 years. Its mission is to improve the health of the people in its communities every day, with quality and compassion. With a focus on quality, safety, experience, and value, Baystate is not only a keystone of the region; it is a national leader in healthcare. Learn more at www.baystatehealth.org.

About Health New England

Health New England is a not-for-profit health plan owned by Baystate Health, that offers a range of health care plans in the commercial, Medicaid and Medicare markets, to members in Western MA. Health New England is committed to exceptional efforts in reducing health disparities, eliminating barriers to care and addressing the unique needs of diverse populations.

In 2023 HNE became the first health plan in Massachusetts and the second in the nation to earn the National Committee for Quality Assurance (NCQA) Health Equity Accreditation recognition for all lines of business; Medicaid, Medicare, Exchange and Commercial.

With a mission to improve the health and lives of the people in the communities we serve, HNE employs over 380 people and invests locally in areas of need to positively impact people and charitable organizations across Western Massachusetts.

###

Schedule 4.3(a)

Consents; No Conflicts

Expiration of waiting period following submission of notice regarding the Transaction with the U.S. Federal Trade Commission under the Hart Scott Rodino notification rules.

Schedule 4.3(b)

Consents; No Conflicts

None.

Schedule 4.4

Proceedings

None.

Schedule 4.5

Brokers

Engagement Letter, dated March 29, 2023, by and between Goldman Sachs & Co. LLC and Baystate Health, Inc.

Schedule 5.1(b)

Organization and Authorization of the Companies

None.

Schedule 5.2(a)

Consents; No Conflicts

Massachusetts Division of Insurance shall have consented to the change of control with respect to the Massachusetts HMO license as reported on the Acquisition of Control Statement (Form A) effective upon the Closing.

Massachusetts Executive Office of Health and Human Services shall have consented to the change of control, effective upon the Closing, of the Company's Second Amended and Restated Accountable Care Partnership Plan Contract for the MassHealth Accountable Care Organization Program dated January 1, 2020, to Point32Health.

The Commonwealth Insurance Connector Authority shall have consented to the change in control effective upon the Closing, of the Agreement between the Commonwealth Insurance Connector Authority (Health Connector) and the Company, dated October 1, 2016, as amended.

Pre-Closing notification to CMS with respect to the Company's Medicare Advantage H2737 Contract dated August 23, 2023, including the Part D Addendum thereto.

Pre-Closing notification to CMS with respect to the Company's Medicare Advantage H8578 Contract dated August 23, 2023, including the Part D Addendum thereto.

Pre-Closing notification with respect to Seller's accreditation by the Commonwealth of Massachusetts, Office of Consumer Affairs and Business Regulation, Division of Insurance.

Health Care Center License, NAIC# 15521, issued to HNE of Connecticut, issued by Connecticut Department of Insurance

Schedule 5.2(b)

Consents; No Conflicts

Post-Closing notification to NCQA Health Plan Accreditation regarding the Transaction.

License No. 14198, issued to HNE Insurance Company, issued by Commonwealth of Massachusetts, Office of Consumer Affairs and Business Regulation, Division of Insurance.

Master Software License Agreement, dated December 15, 2017, by and between Health New England, Inc. and Information Builders, Inc.

Master Services Agreement, dated March 1, 2020, as amended, by and between Health New England, Inc. and Zelis Claims Integrity, LLC.

MedInsight ASP License and Services Agreement, dated August 1, 2011, by and between Health New England, Inc. and Milliman, Inc.

Utilization and Management Services Agreement, dated December 1, 2010, by and between Health New England, Inc. and MedSolutions, Inc. d/b/a eviCore healthcare

Schedule 5.3(a)

Financial Statements

See attached.

Health New England, Inc.

Statutory-Basis Financial Statements as of and for
the Years Ended December 31, 2021 and 2020,
Supplementary Information as of
December 31, 2021, and
Independent Auditor's Reports

HEALTH NEW ENGLAND, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Health New England, Inc.
Springfield, Massachusetts

Opinions

We have audited the statutory-basis financial statements of Health New England, Inc. (the "Company"), which comprise the statutory-basis statements of admitted assets, liabilities, and statutory net worth as of December 31, 2021 and 2020, and the related statutory-basis statements of income, changes in statutory net worth, and cash flows for the years then ended, and the related notes to the statutory-basis financial statements (collectively referred to as the "statutory-basis financial statements").

Unmodified Opinion on Statutory-Basis of Accounting

In our opinion, the accompanying statutory-basis financial statements present fairly, in all material respects, the admitted assets, liabilities, and capital and surplus of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended, in accordance with the accounting practices prescribed or permitted by the Massachusetts Division of Insurance described in Note 2.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America section of our report, the statutory-basis financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2021 and 2020, or the results of its operations or its cash flows for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Statutory-Basis 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in Note 2 to the statutory-basis financial statements, the statutory-basis financial statements are prepared by the Company using the accounting practices prescribed or permitted by the Massachusetts Division of Insurance, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Massachusetts Division of Insurance. The effects on the statutory-basis financial statements of the variances between the statutory-basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Statutory-Basis Financial Statements

Management is responsible for the preparation and fair presentation of the statutory-basis financial statements in accordance with the accounting practices prescribed or permitted by the Massachusetts Division of Insurance. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of statutory-basis financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the statutory-basis 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 that the statutory-basis financial statements are issued.

Auditor's Responsibilities for the Audit of the Statutory-Basis Financial Statements

Our objectives are to obtain reasonable assurance about whether the statutory-basis financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 statutory-basis financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the statutory-basis 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 statutory-basis 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 statutory-basis 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.

Deloitte + Touche LLP

April 29, 2022

HEALTH NEW ENGLAND, INC.

STATUTORY-BASIS STATEMENTS OF ADMITTED ASSETS, LIABILITIES, AND STATUTORY NET WORTH AS OF DECEMBER 31, 2021 AND 2020

| | 2021 | 2020 |
|---|----------------------|----------------------|
| ADMITTED ASSETS | | |
| INVESTED ASSETS: | | |
| Bonds | \$110,924,865 | \$108,891,612 |
| Common stock | 25,463,671 | 21,875,036 |
| Cash and cash equivalents | 73,085,986 | 68,407,909 |
| Investment in affiliates | 8,331,050 | 9,236,320 |
| Other invested assets | <u>380,981</u> | <u>1,379,046</u> |
| Total invested assets | <u>218,186,553</u> | <u>209,789,923</u> |
| RECEIVABLES: | | |
| Premiums receivable | 19,799,826 | 16,111,049 |
| Amounts recoverable from reinsurers | 338,626 | 731,418 |
| Health care and other receivables | 14,826,102 | 16,604,884 |
| Receivable from affiliates and subsidiaries | 7,618,205 | 6,942,684 |
| Investment income and other | <u>557,525</u> | <u>640,092</u> |
| Total receivables | <u>43,140,284</u> | <u>41,030,127</u> |
| ELECTRONIC DATA PROCESSING EQUIPMENT—Net | <u>2,617,375</u> | <u>3,352,938</u> |
| TOTAL ADMITTED ASSETS | <u>\$263,944,212</u> | <u>\$254,172,988</u> |
| LIABILITIES AND STATUTORY NET WORTH | | |
| LIABILITIES: | | |
| Health care claims payable | \$ 83,950,703 | \$ 69,680,973 |
| Unpaid claims adjustment expense | 5,376,126 | 6,025,355 |
| Aggregate health policy reserves | 11,465,959 | 4,533,290 |
| Provider incentive liability | 9,544,891 | 15,335,274 |
| Premiums received in advance | 14,540,237 | 12,337,001 |
| Payable to affiliates | 128,788 | 1,664,897 |
| Accrued expenses and other liabilities | <u>46,027,658</u> | <u>34,076,990</u> |
| Total liabilities | <u>171,034,362</u> | <u>143,653,780</u> |
| STATUTORY NET WORTH: | | |
| Surplus note | 20,000,000 | 20,000,000 |
| Unassigned surplus | <u>72,909,850</u> | <u>90,519,208</u> |
| Total statutory net worth | <u>92,909,850</u> | <u>110,519,208</u> |
| TOTAL LIABILITIES AND STATUTORY NET WORTH | <u>\$263,944,212</u> | <u>\$254,172,988</u> |

See notes to statutory-basis financial statements.

HEALTH NEW ENGLAND, INC.

STATUTORY-BASIS STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

| | 2021 | 2020 |
|---|------------------------|----------------------|
| REVENUE: | | |
| Net premium income | \$ 852,490,650 | \$ 772,860,297 |
| Other revenue | <u>4,231,674</u> | <u>1,317,242</u> |
| Total revenue | <u>856,722,324</u> | <u>774,177,539</u> |
| EXPENSES: | | |
| Health care benefit costs | 787,981,959 | 669,835,497 |
| Reinsurance recoveries | <u>(1,694,513)</u> | <u>(668,333)</u> |
| Total medical costs | 786,287,446 | 669,167,164 |
| General and administrative | 68,855,352 | 62,365,708 |
| Claims adjustment expenses and medical cost containment | 23,982,294 | 29,093,281 |
| Change in reserves for health contracts | <u>2,953,023</u> | <u>-</u> |
| Total expenses | <u>882,078,115</u> | <u>760,626,153</u> |
| NET UNDERWRITING (LOSS) GAIN | (25,355,791) | 13,551,386 |
| NET INVESTMENT INCOME—Including net realized gains of \$11,456,634 in 2021 and net realized loss of \$582,279 in 2020 | <u>14,033,428</u> | <u>3,307,620</u> |
| NET (LOSS) INCOME | <u>\$ (11,322,363)</u> | <u>\$ 16,859,006</u> |

See notes to statutory-basis financial statements.

HEALTH NEW ENGLAND, INC.

STATUTORY-BASIS STATEMENTS OF CHANGES IN STATUTORY NET WORTH FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

| | Surplus Note | Special Surplus | Unassigned Surplus | Total Statutory Net Worth |
|----------------------------------|----------------------|--------------------|-----------------------|------------------------------|
| BALANCE—January 1, 2020 | \$ 20,000,000 | \$ 7,153,587 | \$ 61,333,912 | \$ 88,487,499 |
| Net income | - | - | 16,859,006 | 16,859,006 |
| Change in unrealized gains | - | - | 949,863 | 949,863 |
| Change in nonadmitted assets | - | - | 430,611 | 430,611 |
| Correction of an error (Note 20) | - | - | 3,792,229 | 3,792,229 |
| Special surplus reclassification | <u>-</u> | <u>(7,153,587)</u> | <u>7,153,587</u> | <u>-</u> |
| BALANCE—December 31, 2020 | 20,000,000 | - | 90,519,208 | 110,519,208 |
| Net loss | - | - | (11,322,363) | (11,322,363) |
| Change in unrealized gains | - | - | (10,442,475) | (10,442,475) |
| Change in nonadmitted assets | <u>-</u> | <u>-</u> | <u>4,155,480</u> | <u>4,155,480</u> |
| BALANCE—December 31, 2021 | <u>\$ 20,000,000</u> | <u>\$ -</u> | <u>\$ 72,909,850</u> | <u>\$ 92,909,850</u> |

See notes to statutory-basis financial statements.

HEALTH NEW ENGLAND, INC.

STATUTORY-BASIS STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

| | 2021 | 2020 |
|---|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Premiums collected—net of reinsurance | \$ 871,678,664 | \$ 803,909,231 |
| Benefit and loss-related payments | (777,699,525) | (682,148,444) |
| Commissions and expenses paid | (90,575,213) | (84,506,546) |
| Net investment income received | 2,898,110 | 2,936,609 |
| Miscellaneous income | <u>4,231,674</u> | <u>1,317,242</u> |
| Net cash (used in) provided by operating activities | <u>10,533,710</u> | <u>41,508,092</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds from sales, maturities, or repayments of investments: | | |
| Bonds | 42,641,636 | 35,938,064 |
| Stocks | 25,996,299 | - |
| Cost of investments acquired: | | |
| Bonds | (46,795,016) | (35,461,774) |
| Stocks | <u>(26,280,861)</u> | <u>(358,319)</u> |
| Net cash (used in) provided by investing activities | <u>(4,437,942)</u> | <u>117,971</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES—Other cash applied | | |
| | <u>(1,417,691)</u> | <u>(5,530,874)</u> |
| Net cash used in financing activities | <u>(1,417,691)</u> | <u>(5,530,874)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 4,678,077 | 36,095,189 |
| CASH AND CASH EQUIVALENTS—Beginning of year | <u>68,407,909</u> | <u>32,312,720</u> |
| CASH AND CASH EQUIVALENTS—End of year | <u>\$ 73,085,986</u> | <u>\$ 68,407,909</u> |

See notes to statutory-basis financial statements.

HEALTH NEW ENGLAND, INC.

NOTES TO STATUTORY-BASIS FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

1. ORGANIZATION AND NATURE OF BUSINESS

Health New England, Inc. (HNE or the “Company”) provides prepaid health insurance coverage for comprehensive commercial, Medicare, and Medicaid medical services, primarily throughout western Massachusetts. Medical services are provided through contracts with physicians, established primary care and multispecialty provider groups, hospitals, and other health care providers. HNE operates primarily in the Commonwealth of Massachusetts and is a federally qualified health maintenance organization under Federal Law Section 93-222. The Company is organized as a not-for-profit, tax-exempt organization.

HNE is a wholly owned subsidiary of Baystate Health, Inc. (BH). BH is the parent corporation of an integrated health care delivery system.

HNE has two wholly owned subsidiaries, HNE of Connecticut, Inc. (HOC) and HNE Holding Company (HHC).

HOC is a not-for-profit insurance company. The purpose of this subsidiary is to service the health insurance needs of the Connecticut population. HNE is the sole member of this entity. HOC is audited in accordance with statutory guidance and is recognized as an admitted asset. Beginning January 1, 2018, HOC no longer offered health coverage, but remains in existence. There are no outstanding claims payable as of December 31, 2021.

HHC is a wholly owned noninsurance holding company that controls three for-profit wholly owned subsidiaries. HNE Advisory Services, Inc. (HAS) provides administrative services only for self-insured employee health benefit plans sponsored by employer groups. Health New England Insurance Services, Inc. (HIS) provides insurance brokerage services. HNE Insurance Company, Inc. (HIC) is a Massachusetts insurance company, which provides the Medicare Supplement line of business. HHC is not audited and, therefore, is not an admitted asset. HIC is audited and is admitted using the look-through provisions outlined in Statements of Statutory Accounting Principle (SSAP) No. 97, *Investments in Subsidiary, Controlled and Affiliated Entities*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The accompanying statutory-basis financial statements of the Company have been prepared in accordance with the National Association of Insurance Commissioners (NAIC) *Accounting Practices and Procedures Manual for Statutory Accounting Principles* (NAIC SAP), which do not differ from the accounting practices prescribed by the Commonwealth of Massachusetts Division of Insurance. NAIC SAP does differ from the accounting principles generally accepted in the United States of America (GAAP).

The significant variances from GAAP are as follows:

Investments—Investments in bonds are reported at fair value for GAAP; such fixed maturity investments would be designated at purchase as held to maturity, trading, or available for sale.

For statutory purposes, unrealized gains and losses on investments are excluded from net income, and reported as an increase or decrease in surplus, except that declines in fair value that are determined by management to be other than temporary are reported as realized losses. HNE has elected the fair value option for certain investments. For GAAP purposes, HNE made this election to reflect changes in fair value of its investments, including both increases and decreases, and whether realized or unrealized, in its excess of revenue over expenses.

All single-class and multiclass mortgage-backed/asset-backed securities (MBS/ABS) (e.g., collateralized mortgage obligations) are adjusted for the effects of changes in prepayment assumptions on the related accretion of discount or amortization of premium of such securities using the prospective method. If it is determined that a decline in fair value is other than temporary, the cost basis of the security is written down to the present value of estimated future cash flows using the original effective interest rate inherent in the security.

Investments in Affiliates—The results of HNE’s investments in unconsolidated affiliates are accounted for on the equity method under GAAP; whereas under NAIC SAP, the investment is valued at book value with unrealized gains or losses recorded directly to net worth. GAAP also requires the consolidation of all wholly owned subsidiaries. As HAS, HIS, and HHC are not audited, the investments in these subsidiaries are not admitted in accordance with SSAP No. 97.

Nonadmitted Assets—Certain assets designated as “nonadmitted,” principally certain electronic data processing (EDP) equipment, prepaid items, certain health care receivables, receivables more than 90 days’ past due, and the equity value of subsidiaries, are excluded from the accompanying statutory-basis statements of admitted assets, liabilities, and statutory net worth and are charged directly to unassigned surplus. Under GAAP, such assets are included in the balance sheets to the extent they are not impaired.

Leases—For statutory accounting, all leases are treated as operating leases for lessees, and the recognition of the right-to-use assets and associated lease liabilities and treatment of certain leases as financing leases is rejected. Under GAAP, leases are classified as operating or financing depending on the lease terms, and a right-to-use asset is recorded for operating leases along with the associated lease liabilities.

Surplus Notes—GAAP classifies surplus notes in liabilities, whereas NAIC SAP classifies them in statutory net worth.

A reconciliation is completed of net income and statutory net worth of HNE, as determined in accordance with statutory accounting practices to amounts determined in accordance with GAAP. The financial statements of the Company prepared in accordance with GAAP would report a net loss of \$14,219,286 and net income of \$16,443,786 for the years ended December 31, 2021 and 2020, respectively, and net assets of \$76,328,124 and \$101,977,034 as of December 31, 2021 and 2020, respectively.

The Company’s other statutory accounting practices are as follows:

Use of Estimates—The preparation of statutory-basis financial statements in conformity with accounting practices prescribed by the Commonwealth of Massachusetts Division of Insurance requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statutory-basis financial statements, and the reported amounts of revenues and expenses during the reporting period.

Significant estimates include health care claims payable, provider incentive liabilities, Medicaid risk corridor receivables, premium deficiency reserves, medical loss ratio (MLR) rebates, the accruals for risk-sharing provisions under the ACA, and valuation of investments. Actual results could differ from those estimates.

Cash and Cash Equivalents—Cash and cash equivalents include amounts on deposit with banks and investments with original maturities of three months or less. Money market mutual funds registered under the Investment Company Act of 1940 (the “Act”) and regulated under Rule 2a-7 of the Act are accounted for and reported as cash equivalents.

Investments—Investments in corporate and government agency bonds, MBS, and ABS are carried at amortized cost, except for those securities that are deemed ineligible to be held at amortized cost by the NAIC Securities Valuation Office (SVO), which instead are carried at the lower of amortized cost or SVO fair value. Amortized cost is determined using the scientific interest method with retrospective adjustments for principal paydowns on MBS and ABS. Prepayment assumptions are obtained from dealer surveys or internal estimates and are based on the current interest rate and economic environment. The prospective adjustment method is used to value all such securities.

Common stocks of unaffiliated companies are stated at fair value using information obtained from third-party pricing sources.

Realized capital gains and losses are determined using the specific identification basis and also include amounts for assets that management has determined have been other-than-temporarily impaired. Changes in admitted asset carrying amounts of bonds are credited or charged directly to unassigned surplus.

Investments in Affiliates—Investments in affiliates represent the investments in HIC and HOC, which are recorded using the equity method. The investments are carried at the statutory net worth of HIC and HOC, and all changes to the carrying value of the subsidiaries are recorded as a component of unrealized gains and losses.

At December 31, 2021 and 2020, the values of HNE’s unaudited subsidiaries were nonadmitted in accordance with NAIC requirements.

Electronic Data Processing Equipment—Net—The admitted value of the Company’s EDP equipment and operating software is limited to 3% of statutory net worth. The admitted portion is reported at cost, less accumulated depreciation and amortization at December 31, 2021 and 2020. Depreciation and amortization expense is recognized in the statutory-basis statements of income. The nonadmitted portion of furniture and equipment is charged directly against statutory net worth. EDP equipment and operating software is depreciated using the straight-line method over the lesser of its useful life or three years. Non-operating software is depreciated using the straight-line method over five years. Other furniture and equipment are depreciated using the straight-line method over its estimated useful life, typically not more than five years.

Pharmaceutical Rebate Receivables—HNE contracts with pharmaceutical manufacturers, some of which provide rebates based on use of the manufacturers’ products by HNE members. HNE accrues rebates receivable, which are included as a component of health care and other receivables in the statutory-basis statements of admitted assets, liabilities, and statutory net worth on a monthly basis based on the terms of the applicable contracts, historical data, and current estimates. The HNE

Pharmacy Benefit Manager (PBM) bills these rebates to the manufacturers on a quarterly basis. HNE records rebates attributable to fully insured members as a reduction in health care benefit costs.

Reinsurance—The Company uses reinsurance to limit exposure to catastrophic losses. Reinsurance premiums ceded are reported as a reduction to premium income, while related recoveries are treated as a reduction of health care benefit costs. The Company remains obligated for amounts ceded in the event the reinsurer does not meet its obligations.

Premium Revenues and Receivables—Membership contracts are generally on a yearly basis subject to cancellation by the policyholder or the Company upon 30 days written notice. Premiums are due monthly and are recognized as revenue during the period in which the Company is obligated to provide services to members. Premiums received in advance represent the portion of premiums received for which the Company is not obligated to provide services until a future date.

Health Care Claims Payable and Benefit Costs—The liability for health care claims payable represents management's best estimate of the ultimate net cost of all reported and unreported claims incurred at December 31, 2021 and 2020. Reserves for unpaid claims are estimated using individual case-basis valuations and statistical analyses. Those estimates are subject to the effects of trends in claim severity and frequency. Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid claims are adequate. The estimates are continually reviewed and adjusted, as necessary, as experience develops or new information becomes known; such adjustments are included in current operations.

HNE records a related unpaid claims adjustment expense liability to reflect the cost to adjudicate the claims unpaid as of year-end. The unpaid claims adjustment expense liability is estimated as a percentage of the claims unpaid based on historical information on the administrative cost to adjudicate a claim.

Capitation for primary care services, the cost and claim settlement expense related to pharmacy services, medical expenses for hospital inpatient services, and outpatient specialty care services are recorded in the period in which they are incurred.

HNE records an accrued provider incentive liability based on contractual arrangements with various health care providers. Compensation arrangements vary by provider. Medical and hospital expenses include claim payments, capitation payments, and various other costs incurred to provide and manage medical care to members, as well as estimates of future payments to hospitals and others for medical care provided to members in the current year. Certain providers are paid on a fee-for-service basis and can be eligible for bonuses based on meeting prescribed quality performance measures. HNE pays capitation under contractual agreements to a number of physicians and provider groups based on the number of enrolled HNE members served by each physician or provider group. Certain providers have entered into risk-sharing arrangements with HNE, whereby a settlement is calculated by comparing actual medical claims experience to a budgeted amount based upon contractual arrangements. These settlements are estimated and accrued during the period the related services were rendered and adjusted in future periods as final settlements are determined. Estimated settlements for these risk-sharing arrangements are reflected in the provider incentive liability or health care and other receivables in the accompanying statutory-basis statements of admitted assets, liabilities, and statutory net worth.

Medical Loss Ratio Rebates—HNE records its liability for MLR based on the requirements of ACA in accordance with SSAP No. 66, *Retrospectively Rated Contracts*. SSAP No. 66 requires the Company to accrue for the estimated amount of premiums to be returned retrospectively to an employer group or member as an adjustment to premium revenue. HNE estimates the amount of the retrospective rebate based on the difference between the estimated MLR of each employer group segment as defined in ACA, as of December 31 of each year, and the minimum MLR requirements for those employer group segments either under ACA requirements or individual state requirements, if the state has a higher MLR standard than ACA. The Commonwealth of Massachusetts has set an MLR threshold of 88% for 2021 and 2020 for the merged market, as defined by Massachusetts state law. No MLR rebate liability for the commercial line of business was recorded for December 31, 2021 and 2020.

HNE is required to report MLR information to CMS related to its Medicare Advantage product each contract year pursuant to the regulations at 42 CFR §§ 422.2460 and 423.2460. The CMS requirement is to obtain an MLR of at least 85%. A Medicare MLR rebate accrual was recorded for \$323,000 and \$0 for 2021 and 2020, respectively.

Assessments—In accordance with SSAP No. 35(R), *Guaranty Fund and Other Assessments*, insurance-related assessments are recognized as liabilities when certain conditions are met. The assessments are recorded as general administrative expenses due or accrued, except for certain health-related assessments, which are recorded as a component of medical and hospital expenses.

Premium Deficiencies—A loss is recognized when it is probable that the expected future health care costs of member groups under existing contracts (including the costs necessary to maintain those contracts) will exceed anticipated future premiums and reinsurance recoveries on those contracts. For purposes of determining if a premium deficiency exists, all policies were determined to be marketed, serviced, and measured in a consistent manner and, therefore, were grouped together. The premium deficiency reserve was \$2,953,023 and \$0 as of December 31, 2021 and 2020, respectively. The Company does not use anticipated investment income as a factor in the premium deficiency calculation.

Accounting for Certain Provisions of the ACA and the Health Care and Education Reconciliation Act of 2010 (Collectively, “Health Care Reform”)—HNE participates in the Massachusetts Health Connector insurance exchange (“Exchange”) established pursuant to the ACA. Under regulations established by the ACA, Health and Human Services pays HNE a portion of the premium (“Premium Subsidy”) and a portion of the health care costs (“Cost Sharing Subsidy”) for low-income individual Exchange members. In addition, the Commonwealth of Massachusetts provides additional subsidies for low-income Exchange members. The ACA also requires participation in certain risk management programs as described below. HNE recognizes monthly premiums received from public Exchange members and the Premium Subsidy as premium income ratably over the contract period. The Cost Sharing Subsidy offsets health care costs when incurred. A liability is recorded if the Cost Sharing Subsidy is paid in advance or a receivable if incurred health care costs exceed the Cost Sharing Subsidy received to date.

Medicaid—The Company’s contract with MassHealth, the Commonwealth of Massachusetts’ Medicaid program, includes risk-sharing provisions as a mechanism to stabilize the insurance market. Under this program, HNE makes or receives a payment to (or from) MassHealth based on the Company’s actual medical expenditures in aggregate by rating category. The Company accounts for this contract under the provisions of SSAP No. 66. Total Medicaid premiums were approximately \$318 million and \$280 million for 2021 and 2020, respectively. This represents 37.3% and 36.2% of net premium revenue for 2021 and 2020, respectively. HNE records a Medicaid receivable or payable as an adjustment to

premium revenue based on management's estimate of the ultimate risk-sharing amount payable or receivable under the contract. HNE recorded a receivable of \$17,039,161 and \$11,636,134 for 2021 and 2020, respectively, in premiums receivable and a payable of \$27,107,649 and \$10,429,491 for 2021 and 2020, respectively, in accrued expenses and other liabilities in the accompanying statutory-basis statements of admitted assets, liabilities, and statutory net worth. These settlements are estimated and accrued during the period the related services were rendered and adjusted in future periods as final settlements are determined. During 2021 and 2020, the Company recorded adjustments to amounts accrued for the Medicaid risk-sharing program related to the prior fiscal year as a change in estimate. The net effect of the adjustments was an increase (decrease) in premium revenue of \$6,038,378 and (\$5,963,271) in 2021 and 2020, respectively.

As part of the Commonwealth of Massachusetts redesign of its MassHealth program, on March 1, 2018, the Company, in partnership with the Baystate Health Care Alliance (BHCA), launched its Be Healthy Partnership Plan (the "Partnership"). BHCA, which consists of the four BH community health centers and an unrelated entity, is the Accountable Care Organization (ACO), and the Company is the Managed Care Organization (MCO) in the Partnership. The goal is to transform health care delivery to Medicaid recipients. The Partnership operates under a global risk arrangement for the cost of members' care and receives Delivery System Reform Incentive Payment (DSRIP) funds from the Commonwealth of Massachusetts to support infrastructure creation. The Company oversees the disbursement of the DSRIP funds to the Partnership, as appropriate, as ACO infrastructure initiatives and transformation activities are incurred. The Company records the DSRIP funds that have not been disbursed as a liability. During 2021 and 2020, the Company received 3,382,796 and \$5,317,115, respectively, in DSRIP funds. At December 31, 2021 and 2020, the DSRIP fund liability amounted to \$1,462,250 and \$2,118,076, respectively, and is recorded in accrued expenses and other liabilities in the accompanying statutory-basis statements of admitted assets, liabilities, and statutory net worth. The Company has recognized approximately \$285,938 and \$578,003 of DSRIP funding as other revenue in the accompanying statutory-basis statements of income in 2021 and 2020, respectively. Under certain termination provisions, the Company may be required to repay some or all of the DSRIP funding received.

ACA Risk Adjustment—Health Care Reform established a permanent risk adjustment program to transfer funds from qualified individual and small group insurance plans with below-average risk scores to plans with above-average risk scores. Based on the risk score of its qualified plan members relative to the average risk score of members of other qualified plans throughout the Commonwealth of Massachusetts, HNE estimates the ultimate risk adjustment receivable or payable and reflects the impact as an adjustment to premium revenue. HNE recorded a net payable of \$8,189,936 and \$4,533,290 for 2021 and 2020, respectively, under the ACA risk adjustment program. A final reconciliation and settlement of outstanding provisions under the ACA risk adjustment program as of December 31, 2021, will occur during 2022.

ACA Health Insurer Provider Fee—The Company was subject to the annual fee under Section 9010 of the ACA and was allocated to individual health insurers based on the ratio of the amount of the entity's net premiums written during the preceding calendar year to the amount of the health insurance for any US health risk that was written during the preceding calendar year. 2019 represented the final data year for the ACA Industry Fee, in which a payment of \$6,626,119 was remitted in 2020. There was no payment due in 2021.

Income Taxes—The Company is a tax-exempt organization under Section 501(c)(4) of the Internal Revenue Code effective January 1, 2013, and, therefore, is not subject to income tax. The Company has one subsidiary, HOC, which is a not-for-profit tax-exempt organization under Section 501(c)(4). Additionally, the Company maintains ownership in three taxable subsidiaries through a taxable holding company. Each subsidiary’s federal and state income taxes are provided on a separate-company basis.

Impact of the COVID-19 Pandemic—An outbreak of respiratory disease caused by a novel coronavirus was first detected in China in December 2019 and subsequently spread internationally. This coronavirus resulted in closing borders, enhanced health screenings, health care service preparation and delivery, quarantines, cancellations, disruptions to supply chains and customer activity, as well as general concern and uncertainty. It has resulted in substantial market volatility and has caused a significant economic downturn. The impact of this coronavirus has continued through 2021 and remains pertinent as of the date these financial statements were issued.

3. RESTRICTED CASH

Bonds with a total statement value of \$998,170 and \$997,218 at December 31, 2021 and 2020, respectively, were restricted in accordance with Massachusetts General Laws Chapter 176G Section 26 for the benefit and security of the policyholders in the Commonwealth of Massachusetts.

4. INVESTMENTS

Investments in bonds and common stock, at December 31, 2021 and 2020, are summarized as follows:

| | 2021 | | | |
|-------------------------------|---------------------------|---------------------------------------|--|-----------------------|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
| US government and agencies | \$ 40,904,012 | \$ 573,429 | \$ (367,394) | \$ 41,110,047 |
| Corporate obligations | 48,385,537 | 1,006,824 | (130,400) | 49,261,961 |
| Mortgage-backed securities | 12,045,801 | 89,488 | (82,919) | 12,052,370 |
| Other asset-backed securities | <u>9,589,515</u> | <u>24,100</u> | <u>(38,278)</u> | <u>9,575,337</u> |
| Total bonds | <u>\$ 110,924,865</u> | <u>\$ 1,693,841</u> | <u>\$ (618,991)</u> | <u>\$ 111,999,715</u> |
| Common stock | <u>\$ 26,005,159</u> | <u>\$ -</u> | <u>\$ (541,488)</u> | <u>\$ 25,463,671</u> |
| | 2020 | | | |
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
| US government and agencies | \$ 36,238,619 | \$ 1,429,928 | \$ (30,328) | \$ 37,638,219 |
| Corporate obligations | 53,476,058 | 2,718,280 | (3,764) | 56,190,574 |
| Mortgage-backed securities | 8,794,172 | 497,978 | (11,283) | 9,280,867 |
| Other asset-backed securities | <u>10,382,763</u> | <u>127,627</u> | <u>(314)</u> | <u>10,510,076</u> |
| Total bonds | <u>\$ 108,891,612</u> | <u>\$ 4,773,813</u> | <u>\$ (45,689)</u> | <u>\$ 113,619,736</u> |
| Common stock | <u>\$ 14,642,117</u> | <u>\$ 7,232,919</u> | <u>\$ -</u> | <u>\$ 21,875,036</u> |

Proceeds from the sale of investment securities were \$68,637,935 and \$35,938,064 during 2021 and 2020, respectively. On those sales, gross realized gains were \$11,573,164 and \$633,057 and gross realized losses were \$116,530 and \$50,778 during 2021 and 2020, respectively.

Investment expenses were \$585,221 and \$518,571 during 2021 and 2020, respectively.

The amortized cost and estimated fair value of debt securities at December 31, 2021, by contractual maturity, are shown below.

| Maturity | Amortized Cost | Fair Value |
|-------------------------------------|------------------------------|------------------------------|
| One year or less | \$ 9,376,637 | \$ 9,452,564 |
| Over one year through five years | 54,332,747 | 55,420,014 |
| Over five years through ten years | 21,715,890 | 21,510,664 |
| Over ten years through twenty years | 728,626 | 781,564 |
| Over twenty years | 3,135,649 | 3,207,202 |
| Mortgage-backed securities | 12,045,801 | 12,052,370 |
| Other asset-backed securities | <u>9,589,515</u> | <u>9,575,337</u> |
| Total | <u>\$ 110,924,865</u> | <u>\$ 111,999,715</u> |

Actual maturities may differ from contractual maturities, because borrowers may have the right to call or repay obligations with or without call or prepayment penalties.

At December 31, 2021 and 2020, the aggregate amount of securities with unrealized losses is as follows:

| Description of Securities | 2021 | | | | | |
|----------------------------------|----------------------------|------------------------------|----------------------------|------------------------------|----------------------------|------------------------------|
| | Less than 12 Months | | 12 Months or More | | Total | |
| | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses |
| US government and agencies | \$ 9,607,747 | \$ (87,930) | \$ 6,320,193 | \$(279,464) | \$15,927,940 | \$(367,394) |
| Corporate obligations | 8,502,236 | (92,925) | 5,933,483 | (37,475) | 14,435,719 | (130,400) |
| Mortgage-backed securities | 6,350,513 | (79,167) | 370,396 | (3,752) | 6,720,909 | (82,919) |
| Other asset-backed securities | <u>4,551,383</u> | <u>(38,278)</u> | <u>-</u> | <u>-</u> | <u>4,551,383</u> | <u>(38,278)</u> |
| Total | <u>\$29,011,879</u> | <u>\$(298,300)</u> | <u>\$12,624,072</u> | <u>\$(320,691)</u> | <u>\$41,635,951</u> | <u>\$(618,991)</u> |

| Description of Securities | 2020 | | | | | |
|-------------------------------|---------------------|--------------------|---------------------|--------------------|---------------------|--------------------|
| | Less than 12 Months | | 12 Months or More | | Total | |
| | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses |
| US government and agencies | \$ 6,647,858 | \$ (30,328) | \$ - | \$ - | \$ 6,647,858 | \$ (30,328) |
| Corporate obligations | - | - | 762,642 | (3,764) | 762,642 | (3,764) |
| Mortgage-backed securities | - | - | 1,097,561 | (11,283) | 1,097,561 | (11,283) |
| Other asset-backed securities | <u>494,395</u> | <u>(268)</u> | <u>36,103</u> | <u>(46)</u> | <u>530,498</u> | <u>(314)</u> |
| Total | <u>\$ 7,142,253</u> | <u>\$ (30,596)</u> | <u>\$ 1,896,306</u> | <u>\$ (15,093)</u> | <u>\$ 9,038,559</u> | <u>\$ (45,689)</u> |

The bonds in the portfolio maintain a high-quality NAIC bond rating. Management determined that all unrealized losses are as a result of the prevailing interest rate environment or affected by general real estate conditions and, therefore, are temporary in nature. The Company does not intend to sell these securities and has the intent and ability to retain the investments in an unrealized loss position until maturity or a recovery in value.

An impairment review of securities to determine if declines in fair value below an investment's carrying value are other-than-temporary is subjective and requires a high degree of judgment. Management regularly reviews the value of the Company's investments, using both quantitative and qualitative factors, to determine whether a decline in value below the cost basis is other-than-temporary. If any declines are determined to be other-than-temporary, the losses are charged to income when that determination is made. To make this determination for each security, the following factors are considered:

- The length of time and the extent to which the fair value has been below cost
- The financial condition and near-term prospects of the issuer of the security, including any specific events that may affect its operations or earnings potential
- Volatility inherent in the asset class to which the investment belongs
- Management's intent and ability to hold the security long enough for it to recover its value

No other-than-temporary impairments were recognized during the years ended December 31, 2021 and 2020.

The Company's statutory-basis financial assets and liabilities have been classified, for disclosure purposes, based on a hierarchy defined by SSAP No. 100, *Fair Value*. The levels of the fair value hierarchy are as follows:

Level Input

Input Definition

Level I Values are unadjusted quoted market prices for identical assets and liabilities in active markets accessible at the measurement date.

Level II Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads, and yield curves.

Level III Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Fair values are based on quoted market prices, where available. These fair values are obtained primarily from independent pricing services, which generally use Level I or Level II inputs for the determination of fair value in accordance with SSAP No. 100. Independent pricing services normally derive the security prices through recently reported trades for identical or similar securities making adjustments through the reporting date based upon available market observable information. For securities not actively traded, the independent pricing services may use quoted market prices of comparable instruments or discounted cash flow analyses incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include, but are not limited to, broker quotes, benchmark yields, credit spreads, default rates, and prepayment speeds.

The Company's investments in common stock are actively traded exchange-listed securities for which the fair values are provided to the Company by independent pricing services, and they are considered Level I securities. The fair values for all other investments are determined using the pricing methods described in the paragraph above. There are no bonds in 2021 or 2020 that are measured and recorded at fair value.

The aggregate fair value by hierarchal level as of December 31, 2021 and 2020, is as follows:

| | 2021 | | | | |
|---------------------------|---------------------------------|------------------------------|-----------------------------|------------------------------|--------------------|
| | Aggregate Fair Value | Admitted Assets | Level I | Level II | Level III |
| Cash and cash equivalents | \$ 73,085,986 | \$ 73,085,986 | \$ 73,085,986 | \$ - | \$ - |
| Bonds | 111,999,715 | 110,924,865 | - | 111,999,715 | - |
| Common stock | <u>25,463,671</u> | <u>25,463,671</u> | <u>25,463,671</u> | <u>-</u> | <u>-</u> |
| Total | <u><u>\$ 210,549,372</u></u> | <u><u>\$ 209,474,522</u></u> | <u><u>\$ 98,549,657</u></u> | <u><u>\$ 111,999,715</u></u> | <u><u>\$ -</u></u> |
| | 2020 | | | | |
| | Aggregate Fair Value | Admitted Assets | Level I | Level II | Level III |
| Cash and cash equivalents | \$ 68,407,909 | \$ 68,407,909 | \$ 68,407,909 | \$ - | \$ - |
| Bonds | 113,619,736 | 108,891,612 | - | 113,619,736 | - |
| Common stock | <u>21,875,036</u> | <u>21,875,036</u> | <u>21,875,036</u> | <u>-</u> | <u>-</u> |
| Total | <u><u>\$ 203,902,681</u></u> | <u><u>\$ 199,174,557</u></u> | <u><u>\$ 90,282,945</u></u> | <u><u>\$ 113,619,736</u></u> | <u><u>\$ -</u></u> |

Note:

- (a) There were no transfers between Level I and Level II during 2021 or 2020.
- (b) There were no security transfers out of Level III holdings into Level II holdings between 2020 to 2021.
- (c) The Company's policy is to recognize transfers between levels as of the end of the reporting period.
- (d) Fair value measurements of securities within the Level II and Level III hierarchy are determined using the NAIC SVO pricing source at December 31, 2021 and 2020.

(e) There was \$0 and \$0 interest income for Level III investments held as of December 31, 2021 and 2020, respectively.

5. ELECTRONIC DATA PROCESSING EQUIPMENT—NET

EDP equipment—net at December 31, 2021 and 2020, is as follows:

| | 2021 | 2020 |
|---|---------------------|---------------------|
| Furniture, fixtures, equipment, and information systems | \$ 31,242,739 | \$ 41,482,385 |
| Leasehold improvements | <u>644,101</u> | <u>1,120,462</u> |
| | 31,886,840 | 42,602,847 |
| Accumulated depreciation and amortization | <u>(27,566,863)</u> | <u>(37,704,800)</u> |
| | 4,319,977 | 4,898,047 |
| Amount nonadmitted | <u>(1,702,602)</u> | <u>(1,545,109)</u> |
| Admitted value | <u>\$ 2,617,375</u> | <u>\$ 3,352,938</u> |

Depreciation and amortization expense for the years ended December 31, 2021 and 2020, was \$2,458,758 and \$2,251,048, respectively.

6. RELATED-PARTY TRANSACTIONS

HNE has transactions in the normal course of business with BH. Medical claims expense for services provided to HNE members by subsidiaries of BH was approximately \$189,481,992 and \$182,152,516 in 2021 and 2020, respectively. Usage fees paid to Baycare Health Partners, Inc., a physician hospital organization, which is 50% owned by BH, totaled \$348,324 and \$348,324 in 2021 and 2020, respectively.

As of December 31, 2021 and 2020, HAS had a net deficit of \$12,570,551 and \$10,825,858, respectively. As the Company is committed to funding HAS, a liability has been recorded in this amount as of December 31, 2021 and 2020. This liability has been offset against receivables from HAS recorded in due from affiliates in the statutory-basis statement of admitted assets, liabilities, and statutory net worth. Additionally, as of December 31, 2021 and 2020, \$37,536 and \$3,353,205, respectively, of receivables from HAS were nonadmitted.

HNE has entered into a capital maintenance agreement with HOC, whereby HNE has agreed to provide HOC with sufficient funds to have levels of total adjusted capital equal to or greater than 300% of the authorized control level.

Effective January 1, 2015, the Company entered into an agreement with one of the Company's largest providers, Valley Medical Group (VMG). The agreement included a Professional Service Arrangement (PSA) and a practice lease with concurrent six-year terms. Under these agreements, the Company was entitled to receive essentially all of VMG's practice revenues and was responsible for VMG's practice expenses. The purpose of this PSA was to create an integrated care alliance that will promote costs and administrative efficiency and promote a coordinated risk-sharing model (akin to the ACO concept for Medicare). In order for this contract to remain in force, contractually time-sensitive milestones needed to be achieved by both parties throughout the six-year term. During 2021 and 2020, the Company paid

approximately \$0 and \$36,636,560, respectively, for expenses incurred by VMG. For 2021 and 2020, the Company received approximately \$0 and \$31,950,825, respectively. The net amount is included in general and administrative expense in the statutory-basis statements of income.

The agreement with VMG terminated on December 31, 2020. In 2020, VMG received \$6,500,000 in Paycheck Protection Program (PPP) funds from the United States Department of Health & Human Services (HHS). As a result of the termination of this agreement, HNE has guaranteed reimbursement of these PPP funds and reasonable legal expenses should it be recovered or recouped from VMG by HHS on or before June 1, 2022.

7. HEALTH CARE BENEFIT COSTS

Activity in health care claims payable for 2021 and 2020 was as follows:

| | 2021 | 2020 |
|--|----------------------|----------------------|
| Health care claims payable: | | |
| Health care claims payable—beginning of year | \$ 69,680,973 | \$ 85,184,060 |
| Provider incentive liability—beginning of year | <u>15,335,274</u> | <u>7,525,989</u> |
| | <u>85,016,247</u> | <u>92,710,049</u> |
| Claims incurred: | | |
| Current year | 788,624,649 | 680,826,417 |
| Prior years | <u>(2,337,203)</u> | <u>(10,990,920)</u> |
| | <u>786,287,446</u> | <u>669,835,497</u> |
| Claims paid: | | |
| Current year | (713,142,929) | (611,092,522) |
| Prior years | <u>(64,556,596)</u> | <u>(69,161,306)</u> |
| | <u>(777,699,525)</u> | <u>(680,253,828)</u> |
| (Decrease) increase in health care receivables | <u>(108,574)</u> | <u>2,724,529</u> |
| Health care claims payable—end of year | 83,950,703 | 69,680,973 |
| Provider incentive liability—end of year | <u>9,544,891</u> | <u>15,335,274</u> |
| | <u>\$ 93,495,594</u> | <u>\$ 85,016,247</u> |

Claims reserves and health care receivables as of December 31, 2020, were \$85,016,247 and \$14,520,372, respectively. As of December 31, 2021, \$64,556,596 has been paid for incurred claims, net of health care receivables collected, attributable to insured events of prior years. Reserves remaining for prior years are now \$7,016,544, and there are \$3,414,468 health care receivables remaining for prior years. Therefore, there has been \$2,337,203 in favorable prior year development since December 31, 2020. The favorable development is generally a result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

8. PROVIDER INCENTIVE PAYABLE

Under various incentive agreements, HNE maintains several health service funds in which it establishes per-member per-month (PMPM) medical expense rates (target) that are calculated annually based upon actual premium revenues and/or contractual requirements. During the year, submitted claims are paid to providers based upon established fee schedules, less a withhold amount ranging up to 12%, depending upon the provider and the type of service, which is withheld from each claim remittance and capitation payment for some providers. Total medical costs incurred for each provider site are compared to the predetermined PMPM target amount for that site. In the event that actual medical costs are less than target medical costs, a provider incentive liability is accrued. In the event that actual medical costs are greater than target medical costs, a provider incentive receivable is accrued. The Company accrued a provider incentive liability of \$9,544,891 and \$15,335,274 as of December 31, 2021 and 2020, respectively. The Company accrued a provider receivable of \$3,778,565 and \$4,915,280 as of December 31, 2021 and 2020, respectively, included in health care and other receivables.

Subsequent to the end of each contract year, HNE recalculates the provider incentive receivable and liability based upon actual claim payments through six months after the contract year. Final billing and payments may be different from the amount accrued and adjustments are recorded in the period in which a settlement is made.

9. HEALTH CARE AND OTHER RECEIVABLES

Health care and other receivables as of December 31, 2021 and 2020, are as follows:

| | 2021 | 2020 |
|---|----------------------|----------------------|
| Pharmacy rebates | \$ 8,341,147 | \$ 7,930,135 |
| Provider deficit-sharing receivables | 3,778,565 | 4,915,280 |
| Receivables from providers | 27,212 | - |
| Other | <u>3,141,126</u> | <u>4,763,549</u> |
| Gross health care and other receivables | 15,288,050 | 17,608,964 |
| Amount nonadmitted | <u>(461,948)</u> | <u>(1,004,080)</u> |
| Net health care and other receivables | <u>\$ 14,826,102</u> | <u>\$ 16,604,884</u> |

Pharmaceutical Rebate Receivables—Throughout the year, the Company records receivables for pharmacy rebates. Depending on the age of the pharmacy rebate, HNE will use a different method to calculate the admitted amount of the receivable. At December 31, 2021, 2020, and 2019, all receivables that have been confirmed by the PBM within two months after the quarter-end are admitted. Amounts that are 90 days' past confirmation date are not admitted.

Pharmacy rebate receivables by quarter as of December 31, 2021, 2020, and 2019, are as follows:

| | Quarter Ended | Estimated Pharmacy Rebate Reported | Pharmacy Rebates as Billed or Otherwise Confirmed | Rebates Collected within 90 Days | Rebates Collected between 91–180 Days | Rebates Collected More than 180 Days |
|-------------------------|--------------------|------------------------------------|---|----------------------------------|---------------------------------------|--------------------------------------|
| As of December 31, 2021 | December 31, 2021 | \$ 8,341,147 | \$ 9,624,099 | \$ - | \$ - | \$ - |
| | September 30, 2021 | 8,261,596 | 9,580,752 | 9,021,952 | - | - |
| | June 30, 2021 | 8,260,779 | 9,428,439 | 9,574,031 | 22,816 | - |
| | March 31, 2021 | 8,043,721 | 9,353,314 | 8,612,395 | 440,322 | 1,287 |
| As of December 31, 2020 | December 31, 2020 | 6,147,077 | 7,425,382 | 6,843,109 | 33,469 | 362,615 |
| | September 30, 2020 | 6,138,976 | 7,214,188 | 6,588,261 | - | 498,004 |
| | June 30, 2020 | 6,686,149 | 7,853,698 | 6,542,047 | 94,681 | 343,599 |
| | March 31, 2020 | 5,947,447 | 7,423,441 | 6,980,659 | 569,879 | (259,933) |
| As of December 31, 2019 | December 31, 2019 | 7,255,537 | 5,497,832 | 6,324,573 | - | 449 |
| | September 30, 2019 | 6,901,975 | 6,284,024 | 6,135,135 | - | (69,670) |
| | June 30, 2019 | 4,389,694 | 3,774,345 | - | 4,246,701 | 377,978 |
| | March 31, 2019 | 4,017,413 | 3,512,326 | - | 3,465,790 | 872,856 |

Risk-Sharing Receivables—The Company has contracted with certain providers that have agreed to share risk. The providers are allocated targeted medical spend amounts. If the actual spend amounts are higher than the targeted spend amounts, both the Company and the provider assume some of the overage. The Company records a receivable from the provider and settles with the provider once the number of contractual months of run-out are applied. As of December 31, 2021 and 2020, estimated risk-sharing receivables were \$3,778,565 and \$4,915,280, respectively. In 2021, risk-sharing receivables billed and received related to 2020 and prior were \$711,834 and \$711,834, respectively. In 2020, risk-sharing receivables billed and received related to 2019 and prior were \$1,930,946 and \$2,223,376, respectively. As of December 31, 2021 and 2020, risk-sharing receivables not yet billed related to prior years are \$3,414,468 and \$4,246,153, respectively.

10. LEASE COMMITMENTS

HNE leases certain hardware, software, vehicles, office space, and storage facilities under non-cancelable operating leases expiring in 2029 with varying renewal options. Future minimum lease payments due under operating lease agreements at December 31, 2021, are as follows:

Fiscal Years Ending

| | |
|------------------------------|---------------------|
| 2022 | \$ 1,040,266 |
| 2023 | 1,061,071 |
| 2024 | 1,082,292 |
| 2025 | 1,103,938 |
| 2026 | 1,126,017 |
| Thereafter | <u>3,211,790</u> |
| Total minimum lease payments | <u>\$ 8,625,374</u> |

Rental expense amounted to approximately \$922,755 and \$869,631 for the years ended December 31, 2021 and 2020, respectively.

11. EMPLOYEE BENEFIT PLAN

HNE provides a 401(k) Retirement Plan (the “Plan”) to its employees. Employees may contribute up to 75% of pretax annual compensation as defined in the Plan document. In 2021 and 2020, HNE matched 100% of the first 6% of employee contributions to the Plan. In 2021 and 2020, HNE contributed \$1,939,037 and \$2,022,053, respectively, in matching contributions. An additional profit-sharing contribution may be made by HNE at its discretion. In 2021 and 2020, HNE contributed \$0 and \$0, respectively, in profit sharing, which amounted to 0% and 0% of employees’ compensation for 2021 and 2020, respectively. Contributions and compensation levels are subject to certain limitations under the Internal Revenue Code.

All administrative costs associated with the Plan are the responsibility of HNE. The Plan’s administrative fees amounted to \$0 and \$1,866 for the years ended December 31, 2021 and 2020, respectively.

12. REINSURANCE

HNE has reinsured its liability for certain catastrophic medical services. The reinsurance contract provides for coverage of any HNE member’s individual inpatient and outpatient hospital facility claims in excess of \$650,000, subject to certain limitations, as defined in the contract. Additionally, an aggregating deductible of \$750,000 applies to all individuals who met the individual deductible threshold of \$650,000. Total premiums of \$3,106,478 and \$2,777,583 were ceded related to reinsurance coverage for the years ended December 31, 2021 and 2020, respectively. Recoveries were collected for this coverage in the amounts of \$2,137,305 and \$1,191,088 during the years ended December 31, 2021 and 2020, respectively. The Company has recorded a reinsurance receivable of \$338,626 and \$731,418 for the years ended December 31, 2021 and 2020, respectively, related to the reinsurance contract.

13. MAJOR CUSTOMER

HNE’s largest enrolled customer group is the Massachusetts Health Connector (the “Connector”). Premium revenue from the Connector amounted to approximately 7.9% and 4.3% of total net premium income for the years ended December 31, 2021 and 2020, respectively.

14. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject HNE to concentrations of credit risk primarily consist of investments in marketable securities and premiums receivable. HNE’s investments in marketable securities are managed by external investment managers within the guidelines established by the Board of Directors and the Investment Committee. The investment guidelines limit the amounts that may be invested in any one issuer, except for securities issued by the US Treasury or a US government agency. Concentrations of credit risk with respect to premiums receivable are limited due to the large number of employer groups comprising the customer base. As of December 31, 2021, management believes that HNE has no significant concentrations of credit risk.

15. CONTINGENCIES

HNE is involved in legal proceedings in the ordinary course of business. In the opinion of management, there are no matters pending against or involving HNE whose outcome is likely to have a material adverse effect on the statutory-basis financial position, operating results, or cash flows of HNE.

16. MINIMUM SURPLUS REQUIREMENTS UNDER COMMONWEALTH OF MASSACHUSETTS LAW

In accordance with the insurance laws and regulations established by the Commonwealth of Massachusetts, the Company is required to maintain a minimum surplus of the largest of the following four tests:

- a) \$1,000,000
- b) The total of 2% of the first \$150,000,000 of premium and 1% of premium in excess of \$150,000,000
- c) Three months of uncovered health care expenditures
- d) 4% of annual hospital expenditures, plus 8% of all other medical expenditures, excluding capitated arrangements

Based on 2021 activity, the minimum capital amount as determined by each of the above tests is as follows: a) \$1,000,000; b) \$10,024,906; c) \$11,671,369; and d) \$50,418,503. At December 31, 2021, the Company's surplus exceeded the Commonwealth of Massachusetts' laws and regulations regarding minimum surplus.

17. NAIC MODEL REGULATION

The Managed Care Organization Risk-Based Capital (RBC) Model Regulation (the "Model Regulation") was adopted by the NAIC in December 1997 to establish benchmarks for minimum levels of statutory RBC. The Model Regulation prescribes specific actions that insurance departments should take (i.e., action levels) when certain RBC thresholds are not met. Calculation of RBC in accordance with the Model Regulation RBC formula is required in connection with the annual statutory filing. HNE's statutory capital at December 31, 2015, was at the Regulatory Action Level as established by the Model Regulation. Subsequently, HNE has submitted a comprehensive financial plan to the insurance commissioner and provides periodic updates to the staff at the Massachusetts Division of Insurance. HNE's statutory capital at December 31, 2021 and 2020, exceeded the Company Action Level.

18. SURPLUS NOTE

In order to mitigate the surplus impact of significant growth in addition to net losses in 2015, the Company received a \$20,000,000 surplus note from BH. The surplus note was issued on December 28, 2015, and has no stated maturity date. All interest computations are made on the basis of a 360-day year and actual days elapsed. The interest rate is the federal funds effective rate, plus 0.70%, and is published on any business day by the Federal Reserve Bank of New York. Repayment of principal or interest is contingent upon the approval of the Massachusetts Division of Insurance. No payment of principal or interest was paid in 2021 or 2020. In accordance with SSAP No. 41R, *Surplus Notes*, no interest has been accrued or expensed. This surplus note is subordinate to all other liabilities of the Company.

19. ACCOUNTING FOR CERTAIN PROVISIONS OF THE AFFORDABLE CARE ACT

Effective January 1, 2014, the ACA includes permanent and temporary premium stabilization provisions for the Risk Adjustment Program, Transitional Reinsurance Program, and the Temporary Risk Corridor Program (3R's), which are applicable to those insurers participating in the Massachusetts individual and small group market. The Transitional Reinsurance Program and the Temporary Risk Corridor Program ended in 2016. On April 27, 2020, the US Supreme Court issued a decision and held that the Federal Government was obligated to make payments on amounts due to insurers under the Temporary Risk Corridor Program. The Company received a court judgment on its case and received a final payment of \$2,414,490 from CMS in October 2020.

The influx of previously uninsured individuals into the health system mandated by the ACA could make it more difficult for health insurers to establish pricing accurately, at least during the early years of the exchanges. The risk adjustment is intended to mitigate some of the risks around pricing and lack of information surrounding the previously uninsured by either assessing or subsidizing insurance companies based on small group risk profiles and results.

The impact of risk-sharing provisions of the ACA on admitted assets, liabilities, net premium income, and expenses for the years ended December 31, 2021 and 2020, is as follows:

| | 2021 | 2020 |
|--|-----------|-----------|
| ACA Permanent Risk Adjustment Program: | | |
| Premium adjustments receivable due to ACA risk adjustment | \$ - | \$ - |
| Risk adjustment user fees payable for ACA risk adjustment | 48,467 | - |
| Premium adjustments payable due to ACA risk adjustment | 8,141,468 | 4,533,290 |
| Reported as revenue in premium for accident and health contracts (written/collected) due to ACA risk adjustment (increase) decrease to revenue | 4,652,366 | 6,210,815 |
| Reported in expenses as ACA risk adjustment user fees (incurred/paid) | - | - |

A rollforward of the prior-year ACA risk-sharing provisions for the following asset (gross of any nonadmission) and liability balances, along with the reasons for adjustments to prior-year balance, is as follows:

| | Accrued During the Prior Year on Business Written Before December 31 of the Prior Year | | Received or Paid as of the Current Year on Business Written Before December 31 of the Prior Year | | Differences in Prior-Year Accrued Less Payments (Col 1 - 3) | | Prior-Year Accrued Less Payments (Col 2 - 4) | | Adjustments To Prior-Year Balances | | Adjustments To Prior-Year Balances | | Balance from Prior Years (Col 1 - 3 + 7) | | Cumulative Balance from Prior Years (Col 2 - 4 + 8) | |
|--|--|-------------|--|------------|---|--------------|--|------|------------------------------------|----------------|------------------------------------|------|--|------|---|---------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| Permanent ACA Risk Adjustment Program: | | | | | | | | | | | | | | | | |
| Premium adjustments receivable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Premium adjustments payable | - | 4,533,290 | - | 786,686 | - | 3,746,604 | - | - | - | (3,308,593) | A | - | - | - | - | 438,011 |
| Total for ACA risk-sharing provisions | \$ - | \$4,533,290 | \$ - | \$ 786,686 | \$ - | \$ 3,746,604 | \$ - | \$ - | \$ - | \$ (3,308,593) | | \$ - | \$ - | \$ - | \$ 438,011 | |

A. Payment less than estimated payable for the 2020 risk adjustment settlement. Additionally, in 2021 there was a settlement related to a payor appeal of the 2018 risk adjustment calculation. The final adjustment of \$438,011 was determined in 2021.

20. ACCOUNTING CHANGES AND CORRECTIONS

During 2020, the Company determined that the amount of non-admitted assets as of December 31, 2019, was overstated by \$3,792,229, therefore understating the capital and surplus by such amount. The net cumulative effect of this prior year error of \$3,792,229 was corrected by the Company in accordance with NAIC SSAP No. 3, *Accounting Changes and Corrections of Errors*, and is reflected in the accompanying statutory-basis statement of changes in statutory net worth for the year ended December 31, 2020.

21. SUBSEQUENT EVENTS

The Company has evaluated events and transactions subsequent to December 31, 2021, through April 29, 2022, the date the statutory-basis financial statements were available for issuance, and has determined that there were no material events or transactions, which require adjustments to or disclosures in the statutory-basis financial statements.

* * * * *

SUPPLEMENTARY INFORMATION



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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
Health New England, Inc.
Springfield, Massachusetts

Report on Supplemental Schedule of Investment Risks Interrogatories, Summary Investment Schedule, and Supplemental Schedule Regarding Reinsurance Contracts with Risk-Limiting Features

Our 2021 audit was conducted for the purpose of forming an opinion on the 2021 statutory-basis financial statements as a whole. The supplemental schedules regarding reinsurance contracts with risk-limiting features, investment risks interrogatories, and the summary investment schedule as of December 31, 2021, are presented for purposes of additional analysis and are not a required part of the 2021 statutory-basis financial statements. These schedules are the responsibility of Health New England, Inc. (the "Company") management and were derived from and relate directly to the underlying accounting and other records used to prepare the statutory-basis financial statements. Such schedules have been subjected to the auditing procedures applied in our audit of the 2021 statutory-basis financial statements and certain additional procedures, including comparing and reconciling such schedules directly to the underlying accounting and other records used to prepare the statutory-basis financial statements or to the statutory-basis financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, such schedules are fairly stated, in all material respects, in relation to the 2021 statutory-basis financial statements as a whole.

Restriction on Use

Our report is intended solely for the information and use of the Board of Directors and the management of the Company and for filing with state insurance departments to whose jurisdiction the Company is subject and is not intended to be, and should not be, used by anyone other than these specified parties.

Deloitte + Touche LLP

April 29, 2022

HEALTH NEW ENGLAND, INC.

SUPPLEMENTAL SCHEDULE REGARDING REINSURANCE CONTRACTS WITH RISK-LIMITING FEATURES FOR THE YEAR ENDED DECEMBER 31, 2021

Reinsurance contracts subject to *Appendix A-791—Life and Health Reinsurance Agreements of the NAIC Accounting Practices and Procedures Manual*:

HNE has renewed one reinsurance contract on or after January 1, 2021, which does not include risk-limiting features, as described in *SSAP No. 61R—Life, Deposit-Type and Accident and Health Reinsurance* (SSAP No. 61R).

Reinsurance contracts NOT subject to *Appendix A-791—Life and Health Reinsurance Agreements of the NAIC Accounting Practices and Procedures Manual*:

HNE has not entered into any reinsurance contracts that are not subject to Appendix A-791 for which reinsurance accounting was applied or limits the reinsurer's assumption of risk.

Payments to reinsurers (excluding reinsurance contracts with a federal or state facility):

HNE's reinsurance contracts do not contain features that result in delays in payment.

Reinsurance contracts NOT subject to *Appendix A-791—Life and Health Reinsurance Agreements of the NAIC Accounting Practices and Procedures Manual* and NOT yearly-renewable term that meet the risk transfer requirements under SSAP No. 61R:

HNE has not reflected reinsurance reserve credits for any reinsurance contracts entered into, renewed, or amended on or after January 1, 2021, for the following:

- a. Assumption reinsurance
- b. Nonproportional reinsurance that does not result in significant surplus relief

HNE has not ceded any risk during the period ended December 31, 2021, under any reinsurance contracts entered into, renewed, or amended on or after January 1, 2021, that apply reinsurance accounting, as described under SSAP No. 61R for statutory accounting principles (SAP) and applies deposit accounting under accounting principles generally accepted in the United States of America (GAAP).

HNE has not ceded any risk during the period ended December 31, 2021, under any reinsurance contracts entered into, renewed, or amended on or after January 1, 2021, accounted for as reinsurance under GAAP and as a deposit under SSAP No. 61R.

HEALTH NEW ENGLAND, INC.

SUPPLEMENTAL INVESTMENT DISCLOSURES AS OF DECEMBER 31, 2021

Investment Risks Interrogatories—Health New England, Inc.’s (HNE or the “Company”) total admitted assets as reported on page two of its annual statement are \$263,944,212.

- Following are the 10 largest exposures to a single issuer/borrower/investment, by investment category, excluding: (i) US government, US government agency securities, and those US government money market funds listed in the appendix to the SVO Practices and Procedures Manual as exempt and (ii) property occupied by the Company:

| Issuer | Statement Value | Percentage of Total Admitted Assets |
|------------------------------------|---------------------|-------------------------------------|
| Citigroup Inc | \$ 1,120,866 | 0.42 % |
| JP Morgan Chase & Co | 1,104,828 | 0.42 |
| Morgan Stanley | 785,912 | 0.30 |
| Wells Fargo & Company | 754,846 | 0.29 |
| Bank of America Corp | 735,094 | 0.28 |
| Verizon Communications | 668,402 | 0.25 |
| Colorado Health Facility Authority | 610,284 | 0.23 |
| Sound Point Clo LTD | 588,890 | 0.22 |
| KKR Financial Clo LTD | 582,457 | 0.22 |
| Cent Clo LP | <u>580,745</u> | <u>0.22</u> |
| Total | <u>\$ 7,532,324</u> | <u>2.85 %</u> |

- The Company’s total admitted assets held in bonds and preferred stock, by National Association of Insurance Commissioners (NAIC) rating, are as follows:

| NAIC Rating | Bonds | | NAIC Rating | Preferred Stock | |
|-------------|-----------------------|-------------------------------------|-------------|-----------------|-------------------------------------|
| | Amount | Percentage of Total Admitted Assets | | Amount | Percentage of Total Admitted Assets |
| NAIC-1 | \$ 95,841,279 | 36.31 % | P/PSF-1 | \$ - | - |
| NAIC-2 | 14,571,908 | 5.52 | P/PSF-2 | - | - |
| NAIC-3 | 511,678 | 0.19 | P/PSF-3 | - | - |
| NAIC-4 | - | - | P/PSF-4 | - | - |
| NAIC-5 | - | - | P/PSF-5 | - | - |
| NAIC-6 | - | - | P/PSF-6 | - | - |
| | <u>\$ 110,924,865</u> | <u>42.02 %</u> | | <u>\$ -</u> | <u>-</u> |

3. Assets held in foreign investments are 3.9% of the Company's total admitted assets at December 31, 2021.
4. Assets held in Canadian investments are 0.5% of the Company's total admitted assets at December 31, 2021.
5. Assets held in investments with contractual sales restrictions are 0% of the Company's total admitted assets at December 31, 2021.
6. Assets held in equity interests are 12.8% of the Company's total admitted assets at December 31, 2021.

| Issuer | Amount | Percentage of Total Admitted Assets |
|--|--------------------------|--|
| BlackRock Ishares Total US Stock Market ETF | \$ 14,994,531 | 5.7 % |
| BlackRock Ishares Core MSCI EM ETF | 2,963,968 | 1.1 |
| BlackRock Ishares Core MSCI Int Developed Market ETF | 7,505,172 | 2.8 |
| HNE Insurance Company, Inc. | 4,049,273 | 1.5 |
| HNE of Connecticut, Inc. | <u>4,281,777</u> | <u>1.6</u> |
| Total | <u>\$ 33,794,721</u> | <u>12.7 %</u> |

7. Assets held in nonaffiliated, privately placed equities are less than 3.5 % of the Company's total admitted assets at December 31, 2021.
8. Assets held in general partnership interests are less than 3.5% of the Company's total admitted assets at December 31, 2021.
9. The Company does not maintain any mortgage loans.
10. The Company does not maintain any real estate investments.
11. The Company's total admitted assets are not subject to the types of agreements enumerated in NAIC interrogatory number 20.
12. The Company's total admitted assets are not subject to warrants.
13. The Company's total admitted assets are not subject to hedging, income generation.
14. \$0 of the Company's total admitted assets are subject to futures contracts.
15. As of December 31, 2021, the category "Assets Held in Other Invested Assets" is \$380,981.

HEALTH NEW ENGLAND, INC.

SUPPLEMENTAL INVESTMENT DISCLOSURES SUMMARY INVESTMENT SCHEDULE AS OF DECEMBER 31, 2021

| Investment Categories | Gross Investment Holdings* | | Admitted Assets as Reported in the Annual Statement | |
|---|----------------------------|---|---|--|
| | Amount | Percentage of Gross Investment Holdings | Amount | Percentage of Admitted Invested Assets |
| Bonds: | | | | |
| US Treasury securities | \$ 43,517,959 | 19.927 % | \$ 43,517,959 | 19.945 % |
| US government agency and corporate obligations (excluding mortgage-backed securities): | | | | |
| Issued by US government agencies | - | - | - | - |
| Issued by US government sponsored agencies | - | - | - | - |
| Non U.S. government (including Canada, excluding mortgage-backed securities) | - | - | - | - |
| Securities issued by states, territories, and possessions and political subdivisions in the U.S.: | | | | |
| States, territories, and possessions general obligations | 622,162 | 0.285 | 622,162 | 0.285 |
| Political subdivisions of states, territories, and possessions and political subdivisions general obligations | 965,000 | 0.442 | 965,000 | 0.442 |
| Revenue and assessment obligations | 9,551,877 | 4.374 | 9,551,877 | 4.378 |
| Industrial development and similar obligations | - | - | - | - |
| Mortgage-backed securities (includes residential and commercial MBS) | - | - | - | - |
| Pass through securities: | | | | |
| Guaranteed by GNMA | | | | |
| Issued or guaranteed by FNMA and FHLMC | 2,387,584 | 1.093 | 2,387,584 | 1.094 |
| Privately issued | - | - | - | - |
| CMOs and RLMICs: | | | | |
| Issued or guaranteed by GNMA, FNMA, and FHIMC or VA | 2,472,621 | 1.132 | 2,472,621 | 1.133 |
| Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC | 11,926,579 | 5.461 | 11,929,154 | 5.467 |
| All other | - | - | - | - |
| Other debt and other fixed income securities (excluding short term) | - | - | - | - |
| Unaffiliated domestic securities (includes credit tenant loans and hybrid securities) | 28,001,168 | 12.822 | 27,998,586 | 12.832 |
| Unaffiliated non-U.S. securities (including Canada) | 11,479,920 | 5.257 | 11,479,920 | 5.262 |
| Affiliated securities | - | - | - | - |

(Continued)

HEALTH NEW ENGLAND, INC.

SUPPLEMENTAL INVESTMENT DISCLOSURES SUMMARY INVESTMENT SCHEDULE AS OF DECEMBER 31, 2021

| Investment Categories | Gross Investment Holdings* | | Admitted Assets as Reported in the Annual Statement | |
|--|----------------------------|---|---|--|
| | Amount | Percentage of Gross Investment Holdings | Amount | Percentage of Admitted Invested Assets |
| Equity interests: | | | | |
| Investments in mutual funds | \$ 25,463,671 | 11.660 % | \$ 25,463,671 | 11.671 % |
| Preferred stocks: | | | | |
| Affiliated | - | - | - | - |
| Unaffiliated | - | - | - | - |
| Publicly traded equity securities (excluding preferred stocks): | | | | |
| Affiliated | - | - | - | - |
| Unaffiliated | - | - | - | - |
| Other equity securities: | | | | |
| Affiliated | 8,464,281 | 3.876 | 8,331,050 | 3.818 |
| Unaffiliated | - | - | - | - |
| Other equity interests including tangible personal property under lease: | | | | |
| Affiliated | - | - | - | - |
| Unaffiliated | - | - | - | - |
| Mortgage loans: | | | | |
| Construction and land development | - | - | - | - |
| Agricultural | - | - | - | - |
| Single family residential properties | - | - | - | - |
| Multifamily residential properties | - | - | - | - |
| Commercial loans | - | - | - | - |
| Real estate investments: | | | | |
| Property occupied by company | - | - | - | - |
| Property held for production of income (includes \$0 of property acquired in satisfaction of debt) | - | - | - | - |
| Property held for sale (includes \$0 of property acquired in satisfaction of debt) | - | - | - | - |
| Collateral loans | - | - | - | - |
| Policy loans | - | - | - | - |
| Receivables for securities | 380,981 | 0.174 | 380,981 | 0.175 |
| Cash, cash equivalents, and short-term investments | 73,085,986 | 33.467 | 73,085,986 | 33.497 |
| Other invested assets | 62,500 | 0.029 | - | - |
| Total invested assets | \$ 218,382,289 | 100.000 % | \$ 218,186,553 | 100.000 % |

* Gross investment holdings as valued in compliance with NAIC Accounting Practices and Procedures Manual

(Concluded)

HEALTH NEW ENGLAND, INC.

NOTE TO SUPPLEMENTAL INVESTMENT DISCLOSURES AS OF DECEMBER 31, 2021

BASIS OF PRESENTATION

The accompanying supplemental schedules present selected investment disclosures as of December 31, 2021, for purposes of complying with the National Association of Insurance Commissioners' *Accounting Practices and Procedures Manual* and agree to or are included in the amounts reported in the Company's 2021 statutory annual statement as filed with the Commonwealth of Massachusetts Division of Insurance.

* * * * *

Health New England, Inc.

Statutory-Basis Financial Statements as of and
for the Years Ended December 31, 2022 and 2021,
Supplementary Information as of and for the
Year Ended December 31, 2022, and
Independent Auditor's Reports

HEALTH NEW ENGLAND, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Health New England, Inc.
Springfield, Massachusetts

Opinions

We have audited the statutory-basis financial statements of Health New England, Inc. (the "Company"), which comprise the statutory-basis statements of admitted assets, liabilities, and statutory net worth as of December 31, 2022 and 2021; the related statutory-basis statements of income, changes in statutory net worth, and cash flows for the years then ended; and the related notes to statutory-basis financial statements (collectively, the "statutory-basis financial statements").

Unmodified Opinion on Statutory-Basis of Accounting

In our opinion, the accompanying statutory-basis financial statements present fairly, in all material respects, the admitted assets, liabilities, and statutory net worth of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with the accounting practices prescribed or permitted by the Massachusetts Division of Insurance described in Note 2.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America section of our report, the statutory-basis financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2022 and 2021, or the results of its operations or its cash flows for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Statutory-Basis 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in Note 2 to the statutory-basis financial statements, the statutory-basis financial statements are prepared by the Company using the accounting practices prescribed or permitted by the Massachusetts Division of Insurance, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Massachusetts Division of Insurance. The effects on the statutory-basis financial statements of the variances between the statutory-basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As described in Note 6, the Company is a member of a controlled group of affiliated companies; as such, its results may not be indicative of those of a stand-alone entity. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Statutory-Basis Financial Statements

Management is responsible for the preparation and fair presentation of the statutory-basis financial statements in accordance with the accounting practices prescribed or permitted by the Massachusetts Division of Insurance. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of statutory-basis financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the statutory-basis 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 that the statutory-basis financial statements are issued.

Auditor's Responsibilities for the Audit of the Statutory-Basis Financial Statements

Our objectives are to obtain reasonable assurance about whether the statutory-basis financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 statutory-basis financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the statutory-basis 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 statutory-basis 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 statutory-basis 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.

Restriction on Use

Our report is intended solely for the information and use of the Board of Directors and the management of the Company and for filing with state insurance departments to whose jurisdiction the Company is subject and is not intended to be, and should not be, used by anyone other than these specified parties.

Deloitte + Touche LLP

April 26, 2023

HEALTH NEW ENGLAND, INC.

STATUTORY-BASIS STATEMENTS OF ADMITTED ASSETS, LIABILITIES, AND STATUTORY NET WORTH AS OF DECEMBER 31, 2022 AND 2021

| | 2022 | 2021 |
|---|----------------------|----------------------|
| ADMITTED ASSETS | | |
| INVESTED ASSETS: | | |
| Bonds | \$152,758,717 | \$110,924,865 |
| Common stock | 20,158,379 | 25,463,671 |
| Cash and cash equivalents | 81,055,498 | 73,085,986 |
| Investment in affiliates | 7,523,904 | 8,331,050 |
| Other invested assets | <u>43,844</u> | <u>380,981</u> |
| Total invested assets | <u>261,540,342</u> | <u>218,186,553</u> |
| RECEIVABLES: | | |
| Premiums receivable | 4,269,221 | 19,799,826 |
| Amounts recoverable from reinsurers | 6,324,629 | 338,626 |
| Health care and other receivables | 13,443,310 | 14,826,102 |
| Receivable from affiliates and subsidiaries | 4,780,812 | 7,618,205 |
| Investment income and other | <u>716,128</u> | <u>557,525</u> |
| Total receivables | <u>29,534,100</u> | <u>43,140,284</u> |
| ELECTRONIC DATA PROCESSING EQUIPMENT—Net | <u>1,877,743</u> | <u>2,617,375</u> |
| TOTAL ADMITTED ASSETS | <u>\$292,952,185</u> | <u>\$263,944,212</u> |
| LIABILITIES AND STATUTORY NET WORTH | | |
| LIABILITIES: | | |
| Health care claims payable | \$ 97,446,892 | \$ 83,950,703 |
| Unpaid claims adjustment expense | 4,770,987 | 5,376,126 |
| Aggregate health policy reserves | 10,943,547 | 11,465,959 |
| Provider incentive liability | 25,631,534 | 9,544,891 |
| Premiums received in advance | 16,231,356 | 14,540,237 |
| Payable to affiliates | 139,852 | 128,788 |
| Accrued expenses and other liabilities | <u>45,868,998</u> | <u>46,027,658</u> |
| Total liabilities | <u>201,033,166</u> | <u>171,034,362</u> |
| STATUTORY NET WORTH: | | |
| Surplus note | 20,000,000 | 20,000,000 |
| Unassigned surplus | <u>71,919,019</u> | <u>72,909,850</u> |
| Total statutory net worth | <u>91,919,019</u> | <u>92,909,850</u> |
| TOTAL LIABILITIES AND STATUTORY NET WORTH | <u>\$292,952,185</u> | <u>\$263,944,212</u> |

See notes to statutory-basis financial statements.

HEALTH NEW ENGLAND, INC.

STATUTORY-BASIS STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

| | 2022 | 2021 |
|---|---------------------|------------------------|
| REVENUE: | | |
| Net premium income | \$ 922,996,572 | \$ 852,490,650 |
| Other revenue | <u>4,122,928</u> | <u>4,231,674</u> |
| Total revenue | <u>927,119,500</u> | <u>856,722,324</u> |
| EXPENSES: | | |
| Health care benefit costs | 835,375,993 | 787,981,959 |
| Reinsurance recoveries | <u>(7,662,374)</u> | <u>(1,694,513)</u> |
| Total medical costs | 827,713,619 | 786,287,446 |
| General and administrative | 74,145,148 | 68,855,352 |
| Claims adjustment expenses and medical cost containment | 24,193,090 | 23,982,294 |
| Change in reserves for health contracts | <u>(2,953,023)</u> | <u>2,953,023</u> |
| Total expenses | <u>923,098,834</u> | <u>882,078,115</u> |
| NET UNDERWRITING GAIN (LOSS) | 4,020,666 | (25,355,791) |
| NET INVESTMENT INCOME—Including net realized losses of \$980,453 in 2022 and net realized gains of \$11,456,634 in 2021 | <u>2,966,862</u> | <u>14,033,428</u> |
| NET INCOME (LOSS) | <u>\$ 6,987,528</u> | <u>\$ (11,322,363)</u> |

See notes to statutory-basis financial statements.

HEALTH NEW ENGLAND, INC.

STATUTORY-BASIS STATEMENTS OF CHANGES IN STATUTORY NET WORTH FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

| | Surplus Note | Unassigned Surplus | Total Statutory Net Worth |
|---------------------------------------|----------------------|-----------------------|------------------------------|
| BALANCE—January 1, 2021 | \$ 20,000,000 | \$ 90,519,208 | \$ 110,519,208 |
| Net loss | - | (11,322,363) | (11,322,363) |
| Change in unrealized gains | - | (10,442,475) | (10,442,475) |
| Change in nonadmitted assets | <u>-</u> | <u>4,155,480</u> | <u>4,155,480</u> |
| BALANCE—December 31, 2021 | 20,000,000 | 72,909,850 | 92,909,850 |
| Net gain | - | 6,987,528 | 6,987,528 |
| Change in unrealized gains and losses | - | (6,634,537) | (6,634,537) |
| Change in nonadmitted assets | <u>-</u> | <u>(1,343,822)</u> | <u>(1,343,822)</u> |
| BALANCE—December 31, 2022 | <u>\$ 20,000,000</u> | <u>\$ 71,919,019</u> | <u>\$ 91,919,019</u> |

See notes to statutory-basis financial statements.

HEALTH NEW ENGLAND, INC.

STATUTORY-BASIS STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

| | 2022 | 2021 |
|---|----------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Premiums collected—net of reinsurance | \$ 943,957,178 | \$ 871,678,664 |
| Benefit and loss-related payments | (802,974,358) | (777,699,525) |
| Commissions and expenses paid | (100,550,132) | (90,575,213) |
| Net investment income received | 4,012,556 | 2,898,110 |
| Miscellaneous income | <u>4,122,928</u> | <u>4,231,674</u> |
| Net cash provided by operating activities | <u>48,568,172</u> | <u>10,533,710</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Proceeds from sales, maturities, or repayments of investments: | | |
| Bonds | 89,833,273 | 42,641,636 |
| Stocks | 3,601,745 | 25,996,299 |
| Cost of investments acquired: | | |
| Bonds | (132,211,624) | (46,795,016) |
| Stocks | (2,779,706) | (26,280,861) |
| Other invested assets | <u>(317,467)</u> | <u>-</u> |
| Net cash used in investing activities | <u>(41,873,779)</u> | <u>(4,437,942)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES—Other cash applied | <u>1,275,119</u> | <u>(1,417,691)</u> |
| Net cash used in financing activities | <u>1,275,119</u> | <u>(1,417,691)</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 7,969,512 | 4,678,077 |
| CASH AND CASH EQUIVALENTS—Beginning of year | <u>73,085,986</u> | <u>68,407,909</u> |
| CASH AND CASH EQUIVALENTS—End of year | <u>\$ 81,055,498</u> | <u>\$ 73,085,986</u> |

See notes to statutory-basis financial statements.

HEALTH NEW ENGLAND, INC.

NOTES TO STATUTORY-BASIS FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

1. ORGANIZATION AND NATURE OF BUSINESS

Health New England, Inc. (HNE or the “Company”) provides prepaid health insurance coverage for comprehensive commercial, Medicare, and Medicaid medical services, primarily throughout western Massachusetts. Medical services are provided through contracts with physicians, established primary care and multispecialty provider groups, hospitals, and other health care providers. HNE operates primarily in the Commonwealth of Massachusetts and is a federally qualified health maintenance organization under Federal Law Section 93-222. The Company is organized as a not-for-profit, tax-exempt organization.

HNE is a wholly owned subsidiary of Baystate Health, Inc. (BH). BH is the parent corporation of an integrated health care delivery system.

HNE has two wholly owned subsidiaries, HNE of Connecticut, Inc. (HOC) and HNE Holding Company (HHC).

HOC is a not-for-profit insurance company. The purpose of this subsidiary is to service the health insurance needs of the Connecticut population. HNE is the sole member of this entity. HOC is audited in accordance with statutory guidance and is recognized as an admitted asset. Beginning January 1, 2018, HOC no longer offered health coverage, but remains in existence. There are no outstanding claims payable as of December 31, 2022.

HHC is a wholly owned noninsurance holding company that controls three for-profit wholly owned subsidiaries. HNE Advisory Services, Inc. (HAS) provides administrative services only for self-insured employee health benefit plans sponsored by employer groups. Health New England Insurance Services, Inc. (HIS) provides insurance brokerage services. HNE Insurance Company, Inc. (HIC) is a Massachusetts insurance company, which provides the Medicare supplement line of business. HHC is not audited and, therefore, is not an admitted asset. HIC is audited and is admitted using the look-through provisions outlined in Statements of Statutory Accounting Principle (SSAP) No. 97, *Investments in Subsidiary, Controlled and Affiliated Entities*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The accompanying statutory-basis financial statements of the Company have been prepared in accordance with the accounting practices prescribed or permitted by the Commonwealth of Massachusetts Division of Insurance, which are designed primarily to demonstrate ability to meet claims of policyholders. The Commonwealth of Massachusetts Division of Insurance has adopted the National Association of Insurance Commissioners’ (NAIC) *Accounting Practices and Procedures Manual for Statutory Accounting Principles* (NAIC SAP), with certain modifications as the basis of its statutory accounting practices. These modifications were not material and had no effect on statutory surplus. NAIC SAP does differ from the accounting principles generally accepted in the United States of America (GAAP).

The significant variances from GAAP are as follows:

Investments—Investments in bonds are reported at fair value for GAAP; such fixed-maturity investments would be designated at purchase as held to maturity, trading, or available for sale.

For statutory purposes, unrealized gains and losses on investments are excluded from net income and reported as an increase or decrease in surplus, except that declines in fair value that are determined by management to be other than temporary are reported as realized losses. HNE has elected the fair value option for certain investments. For GAAP purposes, HNE made this election to reflect changes in fair value of its investments, including both increases and decreases, and whether realized or unrealized, in its excess of revenue over expenses.

All single-class and multiclass mortgage-backed/asset-backed securities (MBS/ABS) (e.g., collateralized mortgage obligations) are adjusted for the effects of changes in prepayment assumptions on the related accretion of discount or amortization of premium of such securities using the prospective method. If it is determined that a decline in fair value is other than temporary, the cost basis of the security is written down to the present value of estimated future cash flows using the original effective interest rate inherent in the security.

Investments in Affiliates—The results of HNE’s investments in unconsolidated affiliates are accounted for using the equity method under GAAP; whereas under NAIC SAP, the investment is valued at book value with unrealized gains or losses recorded directly to net worth. GAAP also requires the consolidation of all wholly owned subsidiaries. As HAS, HIS, and HHC are not audited, the investments in these subsidiaries are not admitted in accordance with SSAP No. 97.

Nonadmitted Assets—Certain assets designated as “nonadmitted,” principally certain electronic data processing (EDP) equipment, prepaid items, certain health care receivables, receivables more than 90 days’ past due, and the equity value of subsidiaries, are excluded from the accompanying statutory-basis statements of admitted assets, liabilities, and statutory net worth and are charged directly to unassigned surplus. Under GAAP, such assets are included in the balance sheets to the extent they are not impaired.

Leases—For statutory accounting, all leases are treated as operating leases for lessees and the recognition of the right-to-use assets and associated lease liabilities and treatment of certain leases as financing leases is rejected. Under GAAP, leases are classified as operating or financing depending on the lease terms and a right-to-use asset is recorded for operating leases along with the associated lease liabilities.

Surplus Notes—GAAP classifies surplus notes in liabilities, whereas NAIC SAP classifies them in statutory net worth.

A reconciliation is completed of net income and statutory net worth of HNE, as determined in accordance with statutory accounting practices to amounts determined in accordance with GAAP. The financial statements of the Company prepared in accordance with GAAP would report a net gain of \$3,499,668 and a net loss of \$14,219,286 for the years ended December 31, 2022 and 2021, respectively, and net assets of \$58,035,655 and \$76,328,124 as of December 31, 2022 and 2021, respectively.

The Company's other statutory accounting practices are as follows:

Use of Estimates—The preparation of statutory-basis financial statements in conformity with accounting practices prescribed by the Commonwealth of Massachusetts Division of Insurance requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the statutory-basis financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates include health care claims payable, provider incentive liabilities, Medicaid risk corridor receivables and payables, premium deficiency reserves, medical loss ratio (MLR) rebates, the accruals for risk-sharing provisions under the Affordable Care Act (ACA), and valuation of investments. Actual results could differ from those estimates.

Cash and Cash Equivalents—Cash and cash equivalents include amounts on deposit with banks and investments with original maturities of three months or less. Money market mutual funds registered under the Investment Company Act of 1940 (the "Act") and regulated under Rule 2a-7 of the Act are accounted for and reported as cash equivalents.

Investments—Investments in corporate and government agency bonds, MBS, and ABS are carried at amortized cost, except for those securities that are deemed ineligible to be held at amortized cost by the NAIC Securities Valuation Office (SVO), which instead are carried at the lower of amortized cost or SVO fair value. Amortized cost is determined using the scientific interest method with retrospective adjustments for principal paydowns on MBS and ABS. Prepayment assumptions are obtained from dealer surveys or internal estimates and are based on the current interest rate and economic environment. The prospective adjustment method is used to value all such securities.

Common stocks of unaffiliated companies are stated at fair value using information obtained from third-party pricing sources.

Realized capital gains and losses are determined using the specific identification basis and also include amounts for assets that management has determined have been other-than-temporarily impaired. Changes in admitted asset carrying amounts of bonds are credited or charged directly to unassigned surplus.

Investments in Affiliates—Investments in affiliates represent the investments in HIC and HOC, which are recorded using the equity method. The investments are carried at the statutory net worth of HIC and HOC and all changes to the carrying value of the subsidiaries are recorded as a component of unrealized gains and losses.

At December 31, 2022 and 2021, the values of HNE's unaudited subsidiaries were nonadmitted in accordance with NAIC requirements.

EDP Equipment—Net—The admitted value of the Company's EDP equipment and operating software is limited to 3% of statutory net worth. The admitted portion is reported at cost, less accumulated depreciation and amortization at December 31, 2021 and 2020. Depreciation and amortization expense is recognized in the statutory-basis statements of income. The nonadmitted portion of furniture and equipment is charged directly against statutory net worth. EDP equipment and operating software is depreciated using the straight-line method over the lesser of its useful life or three years. Nonoperating software is depreciated using the straight-line method over five years. Other furniture and equipment are depreciated using the straight-line method over its estimated useful life, typically not more than five years.

Pharmaceutical Rebate Receivables—HNE contracts with pharmaceutical manufacturers, some of which provide rebates based on use of the manufacturers’ products by HNE members. HNE accrues rebates receivable, which are included as a component of health care and other receivables in the statutory-basis statements of admitted assets, liabilities, and statutory net worth on a monthly basis based on the terms of the applicable contracts, historical data, and current estimates. HNE’s pharmacy benefit manager (PBM) bills these rebates to the manufacturers on a quarterly basis. HNE records rebates attributable to fully insured members as a reduction in health care benefit costs.

Reinsurance—The Company uses reinsurance to limit exposure to catastrophic losses. Reinsurance premiums ceded are reported as a reduction to premium income, while related recoveries are treated as a reduction of health care benefit costs. The Company remains obligated for amounts ceded in the event the reinsurer does not meet its obligations.

Premium Revenues and Receivables—Membership contracts are generally on a yearly basis subject to cancellation by the policyholder or the Company upon 30 days written notice. Premiums are due monthly and are recognized as revenue during the period in which the Company is obligated to provide services to members. Premiums received in advance represent the portion of premiums received for which the Company is not obligated to provide services until a future date.

Health Care Claims Payable and Benefit Costs—The liability for health care claims payable represents management’s best estimate of the ultimate net cost of all reported and unreported claims incurred at December 31, 2022 and 2021. Reserves for unpaid claims are estimated using individual case-basis valuations and statistical analyses. Those estimates are subject to the effects of trends in claim severity and frequency. Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid claims are adequate. The estimates are continually reviewed and adjusted, as necessary, as experience develops or new information becomes known; such adjustments are included in current operations.

HNE records a related unpaid claims adjustment expense liability to reflect the cost to adjudicate the claims unpaid as of year-end. The unpaid claims adjustment expense liability is estimated as a percentage of the claims unpaid based on historical information on the administrative cost to adjudicate a claim.

Capitation for primary care services, the cost and claim settlement expense related to pharmacy services, medical expenses for hospital inpatient services, and outpatient specialty care services are recorded in the period in which they are incurred.

HNE records an accrued provider incentive liability based on contractual arrangements with various health care providers. Compensation arrangements vary by provider. Medical and hospital expenses include claim payments, capitation payments, and various other costs incurred to provide and manage medical care to members, as well as estimates of future payments to hospitals and others for medical care provided to members in the current year. Certain providers are paid on a fee-for-service basis and can be eligible for bonuses based on meeting prescribed quality performance measures. HNE pays capitation under contractual agreements to a number of physicians and provider groups based on the number of enrolled HNE members served by each physician or provider group. Certain providers have entered into risk-sharing arrangements with HNE, whereby a settlement is calculated by comparing actual medical claims experience to a budgeted amount based upon contractual arrangements. These settlements are estimated and accrued during the period the related services were rendered and adjusted in future periods as final settlements are determined. Estimated settlements for these

risk-sharing arrangements are reflected in the provider incentive liability or health care and other receivables in the accompanying statutory-basis statements of admitted assets, liabilities, and statutory net worth.

MLR Rebates—HNE records its liability for MLR based on the requirements of ACA in accordance with SSAP No. 66, *Retrospectively Rated Contracts*. SSAP No. 66 requires the Company to accrue for the estimated amount of premiums to be returned retrospectively to an employer group or member as an adjustment to premium revenue. HNE estimates the amount of the retrospective rebate based on the difference between the estimated MLR of each employer group segment as defined in ACA, as of December 31 of each year, and the minimum MLR requirements for those employer group segments either under ACA requirements or individual state requirements, if the state has a higher MLR standard than ACA. The Commonwealth of Massachusetts has set an MLR threshold of 88% for 2022 and 2021 for the merged market, as defined by Massachusetts state law. No MLR rebate liability for the commercial line of business was recorded for December 31, 2022 and 2021.

HNE is required to report MLR information to CMS related to its Medicare Advantage product each contract year pursuant to the regulations at 42 CFR §§ 422.2460 and 423.2460. The CMS requirement is to obtain an MLR of at least 85%. A Medicare MLR rebate accrual was recorded for \$0 and \$323,000 for 2022 and 2021, respectively.

Assessments—In accordance with SSAP No. 35(R), *Guaranty Fund and Other Assessments*, insurance-related assessments are recognized as liabilities when certain conditions are met. The assessments are recorded as general administrative expenses due or accrued, except for certain health-related assessments, which are recorded as a component of medical and hospital expenses.

Premium Deficiencies—A loss is recognized when it is probable that the expected future health care costs of member groups under existing contracts (including the costs necessary to maintain those contracts) will exceed anticipated future premiums and reinsurance recoveries on those contracts. For purposes of determining if a premium deficiency exists, all policies were determined to be marketed, serviced, and measured in a consistent manner and, therefore, were grouped together. The premium deficiency reserve was \$0 and \$2,953,023 as of December 31, 2022 and 2021, respectively. The Company does not use anticipated investment income as a factor in the premium deficiency calculation.

Accounting for Certain Provisions of the ACA and the Health Care and Education Reconciliation Act of 2010 (Collectively, “Health Care Reform”)—HNE participates in the Massachusetts Health Connector (the “Connector”) insurance exchange (“Exchange”) established pursuant to the ACA. Under regulations established by the ACA, Health and Human Services pays HNE a portion of the premium (the “Premium Subsidy”) and a portion of the health care costs (“Cost Sharing Subsidy”) for low-income individual Exchange members. In addition, the Commonwealth of Massachusetts provides additional subsidies for low-income Exchange members. The ACA also requires participation in certain risk management programs as described below. HNE recognizes monthly premiums received from public Exchange members and the Premium Subsidy as premium income ratably over the contract period. The Cost Sharing Subsidy offsets health care costs when incurred. A liability is recorded if the Cost Sharing Subsidy is paid in advance or a receivable if incurred health care costs exceed the Cost Sharing Subsidy received to date.

Medicaid—The Company’s contract with MassHealth, the Commonwealth of Massachusetts’ Medicaid program, includes risk-sharing provisions as a mechanism to stabilize the insurance market. Under this program, HNE makes or receives a payment to (or from) MassHealth based on the Company’s actual

medical expenditures in aggregate by rating category. The Company accounts for this contract under the provisions of SSAP No. 66. Total Medicaid premiums were approximately \$354 million and \$318 million for 2022 and 2021, respectively. This represents 38.4% and 37.3% of net premium revenue for 2022 and 2021, respectively. HNE records a Medicaid receivable or payable as an adjustment to premium revenue based on management's estimate of the ultimate risk-sharing amounts payable or receivable under the contract. HNE recorded a receivable of \$2,191,624 and \$17,039,161 for 2022 and 2021, respectively, in premiums receivable and a payable of \$27,883,009 and \$27,107,649 for 2022 and 2021, respectively, in accrued expenses and other liabilities in the accompanying statutory-basis statements of admitted assets, liabilities, and statutory net worth. These settlements are estimated and accrued during the period the related services were rendered and adjusted in future periods as final settlements are determined. During 2022 and 2021, the Company recorded adjustments to amounts accrued for the Medicaid risk-sharing program related to the prior fiscal year as a change in estimate. The net effect of the adjustments was an increase in premium revenue of \$6,967,825 and \$6,038,378 in 2022 and 2021, respectively.

As part of the Commonwealth of Massachusetts redesign of its MassHealth program, on March 1, 2018, the Company, in partnership with the Baystate Health Care Alliance (BHCA), launched its Be Healthy Partnership Plan (the "Partnership"). BHCA, which consists of the four BH community health centers and an unrelated entity, is the accountable care organization (ACO), and the Company is the managed care organization (MCO) in the Partnership. The goal is to transform health care delivery to Medicaid recipients. The Partnership operates under a global risk arrangement for the cost of members' care and receives Delivery System Reform Incentive Payment (DSRIP) funds from the Commonwealth of Massachusetts to support infrastructure creation. The Company oversees the disbursement of the DSRIP funds to the Partnership, as appropriate, as ACO infrastructure initiatives and transformation activities are incurred. The Company records the DSRIP funds that have not been disbursed as a liability. During 2022 and 2021, the Company received \$3,006,834 and \$3,382,796, respectively, in DSRIP funds. At December 31, 2022 and 2021, the DSRIP fund liability amounted to \$272,288 and \$1,462,250, respectively, and is recorded in accrued expenses and other liabilities in the accompanying statutory-basis statements of admitted assets, liabilities, and statutory net worth. The Company has recognized approximately \$864,613 and \$285,938 of DSRIP funding as other revenue in the accompanying statutory-basis statements of income in 2022 and 2021, respectively. Under certain termination provisions, the Company may be required to repay some, or all, of the DSRIP funding received.

ACA Risk Adjustment—Health Care Reform established a permanent risk adjustment program to transfer funds from qualified individual and small group insurance plans with below-average risk scores to plans with above-average risk scores. Based on the risk score of its qualified plan members relative to the average risk score of members of other qualified plans throughout the Commonwealth of Massachusetts, HNE estimates the ultimate risk adjustment receivable or payable and reflects the impact as an adjustment to premium revenue. HNE recorded a net payable of \$10,943,547 and \$8,189,936 for 2022 and 2021, respectively, under the ACA risk adjustment program. A final reconciliation and settlement of outstanding provisions under the ACA risk adjustment program as of December 31, 2022, will occur during 2023.

Income Taxes—The Company is a tax-exempt organization under Section 501(c)(4) of the Internal Revenue Code effective January 1, 2013, and, therefore, is not subject to income tax. The Company has one subsidiary, HOC, which is a not-for-profit tax-exempt organization under Section 501(c)(4). Additionally, the Company maintains ownership in three taxable subsidiaries through a taxable holding company. Each subsidiary's federal and state income taxes are provided on a separate-company basis.

Impact of the COVID-19 Pandemic—An outbreak of respiratory disease caused by a novel coronavirus was first detected in China in December 2019 and subsequently spread internationally. This coronavirus resulted in closing borders, enhanced health screenings, health care service preparation and delivery, quarantines, cancellations, disruptions to supply chains and customer activity, as well as general concern and uncertainty. It has resulted in substantial market volatility and has caused a significant economic downturn. The impact of this coronavirus has continued through 2022 and remains pertinent as of the date these statutory-basis financial statements were issued.

3. RESTRICTED ASSETS

Bonds with a total statement value of \$999,158 and \$998,170 at December 31, 2022 and 2021, respectively, were restricted in accordance with Massachusetts General Laws Chapter 176G Section 26 for the benefit and security of the policyholders in the Commonwealth of Massachusetts.

4. INVESTMENTS

Investments in bonds and common stock at December 31, 2022 and 2021, are summarized as follows:

| | 2022 | | | |
|-------------------------------|---------------------------|---------------------------------------|--|----------------------|
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
| US government and agencies | \$ 48,626,297 | \$ - | \$ (5,339,439) | \$ 43,286,858 |
| Corporate obligations | 81,096,518 | 45,607 | (9,746,425) | 71,395,700 |
| Mortgage-backed securities | 10,114,326 | - | (791,790) | 9,322,536 |
| Other asset-backed securities | <u>12,921,576</u> | <u>7,398</u> | <u>(732,428)</u> | <u>12,196,546</u> |
| Total bonds | <u>\$152,758,717</u> | <u>\$ 53,005</u> | <u>\$(16,610,082)</u> | <u>\$136,201,640</u> |
| Common stock | <u>\$ 24,862,675</u> | <u>\$ -</u> | <u>\$ (4,704,296)</u> | <u>\$ 20,158,379</u> |
| | 2021 | | | |
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
| US government and agencies | \$ 40,904,012 | \$ 573,429 | \$ (367,394) | \$ 41,110,047 |
| Corporate obligations | 48,385,537 | 1,006,824 | (130,400) | 49,261,961 |
| Mortgage-backed securities | 12,045,801 | 89,488 | (82,919) | 12,052,370 |
| Other asset-backed securities | <u>9,589,515</u> | <u>24,100</u> | <u>(38,278)</u> | <u>9,575,337</u> |
| Total bonds | <u>\$110,924,865</u> | <u>\$1,693,841</u> | <u>\$(618,991)</u> | <u>\$111,999,715</u> |
| Common stock | <u>\$ 26,005,159</u> | <u>\$ -</u> | <u>\$(541,488)</u> | <u>\$ 25,463,671</u> |

Proceeds from the sale of investment securities were \$93,435,018 and \$68,637,935 during 2022 and 2021, respectively. On those sales, gross realized gains were \$627,435 and \$11,573,164 and gross realized losses were \$1,607,888 and \$116,530 during 2022 and 2021, respectively.

Investment expenses were \$459,283 and \$585,221 during 2022 and 2021, respectively.

The amortized cost and estimated fair value of debt securities at December 31, 2022, by contractual maturity, are shown below.

| Maturity | Amortized Cost | Fair Value |
|-------------------------------------|---------------------------|---------------------------|
| One year or less | \$ 2,255,742 | \$ 2,233,644 |
| Over one year through five years | 40,745,807 | 37,722,257 |
| Over five years through ten years | 25,401,250 | 22,381,091 |
| Over ten years through twenty years | 8,495,114 | 7,016,754 |
| Over twenty years | 52,824,902 | 45,328,812 |
| Mortgage-backed securities | 10,114,326 | 9,322,536 |
| Other asset-backed securities | <u>12,921,576</u> | <u>12,196,546</u> |
| Total | <u>\$ 152,758,717</u> | <u>\$ 136,201,640</u> |

Actual maturities may differ from contractual maturities because borrowers may have the right to call or repay obligations with or without call or prepayment penalties.

At December 31, 2022 and 2021, the aggregate amount of securities with unrealized losses is as follows:

| Description of Securities | 2022 | | | | | |
|----------------------------------|----------------------------|------------------------------|--------------------------|------------------------------|-----------------------|------------------------------|
| | Less than 12 Months | | 12 Months or More | | Total | |
| | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses |
| US government and agencies | \$ 29,068,558 | \$ (4,102,189) | \$ 14,218,300 | \$ (1,237,250) | \$ 43,286,858 | \$ (5,339,439) |
| Corporate obligations | 58,352,216 | (8,780,884) | 10,971,338 | (965,541) | 69,323,554 | (9,746,425) |
| Mortgage-backed securities | 3,951,539 | (180,442) | 5,370,997 | (611,348) | 9,322,536 | (791,790) |
| Other asset-backed securities | <u>5,673,849</u> | <u>(494,129)</u> | <u>5,909,654</u> | <u>(238,299)</u> | <u>11,583,503</u> | <u>(732,428)</u> |
| Total | <u>\$ 97,046,162</u> | <u>\$ (13,557,644)</u> | <u>\$ 36,470,289</u> | <u>\$ (3,052,438)</u> | <u>\$ 133,516,451</u> | <u>\$ (16,610,082)</u> |
| Description of Securities | 2021 | | | | | |
| | Less than 12 Months | | 12 Months or More | | Total | |
| | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses | Fair Value | Unrealized Losses |
| US government and agencies | \$ 9,607,747 | \$ (87,930) | \$ 6,320,193 | \$ (279,464) | \$ 15,927,940 | \$ (367,394) |
| Corporate obligations | 8,502,236 | (92,925) | 5,933,483 | (37,475) | 14,435,719 | (130,400) |
| Mortgage-backed securities | 6,350,513 | (79,167) | 370,396 | (3,752) | 6,720,909 | (82,919) |
| Other asset-backed securities | <u>4,551,383</u> | <u>(38,278)</u> | <u>-</u> | <u>-</u> | <u>4,551,383</u> | <u>(38,278)</u> |
| Total | <u>\$ 29,011,879</u> | <u>\$ (298,300)</u> | <u>\$ 12,624,072</u> | <u>\$ (320,691)</u> | <u>\$ 41,635,951</u> | <u>\$ (618,991)</u> |

The bonds in the portfolio maintain a high-quality NAIC bond rating. Management determined that all unrealized losses are as a result of the prevailing interest rate environment or affected by general real estate conditions and, therefore, are temporary in nature. The Company does not intend to sell these

securities and has the intent and ability to retain the investments in an unrealized loss position until maturity or a recovery in value.

An impairment review of securities to determine if declines in fair value below an investment's carrying value are other-than-temporary is subjective and requires a high degree of judgment. Management regularly reviews the value of the Company's investments, using both quantitative and qualitative factors, to determine whether a decline in value below the cost basis is other-than-temporary. If any declines are determined to be other-than-temporary, the losses are charged to income when that determination is made. To make this determination for each security, the following factors are considered:

- The length of time and the extent to which the fair value has been below cost
- The financial condition and near-term prospects of the issuer of the security, including any specific events that may affect its operations or earnings potential
- Volatility inherent in the asset class to which the investment belongs
- Management's intent and ability to hold the security long enough for it to recover its value

No other-than-temporary impairments were recognized during the years ended December 31, 2022 and 2021.

The Company's statutory-basis financial assets and liabilities have been classified, for disclosure purposes, based on a hierarchy defined by SSAP No. 100, *Fair Value*. The levels of the fair value hierarchy are as follows:

| Level Input | Input Definition |
|--------------------|--|
| Level I | Values are unadjusted quoted market prices for identical assets and liabilities in active markets accessible at the measurement date. |
| Level II | Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads, and yield curves. |
| Level III | Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date. |

Fair values are based on quoted market prices, where available. These fair values are obtained primarily from independent pricing services, which generally use Level I or Level II inputs for the determination of fair value in accordance with SSAP No. 100. Independent pricing services normally derive the security prices through recently reported trades for identical or similar securities making adjustments through the reporting date based upon available market observable information. For securities not actively traded, the independent pricing services may use quoted market prices of comparable instruments or discounted cash flow analyses incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include, but are not limited to, broker quotes, benchmark yields, credit spreads, default rates, and prepayment speeds.

The Company's investments in common stock are actively traded exchange-listed securities for which the fair values are provided to the Company by independent pricing services and they are considered Level I securities. The fair values for all other investments are determined using the pricing methods described in the paragraph above. There are no bonds in 2022 or 2021 that are measured and recorded at fair value.

The aggregate fair value by hierarchal level as of December 31, 2022 and 2021, is as follows:

| | 2022 | | | | |
|---------------------------|---------------------------------|-----------------------------|------------------------------|-----------------------------|--------------------|
| | Aggregate Fair Value | Admitted Assets | Level I | Level II | Level III |
| Cash and cash equivalents | \$ 81,055,498 | \$ 81,055,498 | \$ 81,055,498 | \$ - | \$ - |
| Bonds | 136,201,640 | 152,758,717 | - | 136,201,640 | - |
| Common stock | <u>20,158,379</u> | <u>20,158,379</u> | <u>20,158,379</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$237,415,517</u> | <u>\$253,972,594</u> | <u>\$ 101,213,877</u> | <u>\$136,201,640</u> | <u>\$ -</u> |
| | 2021 | | | | |
| | Aggregate Fair Value | Admitted Assets | Level I | Level II | Level III |
| Cash and cash equivalents | \$ 73,085,986 | \$ 73,085,986 | \$73,085,986 | \$ - | \$ - |
| Bonds | 111,999,715 | 110,924,865 | - | 111,999,715 | - |
| Common stock | <u>25,463,671</u> | <u>25,463,671</u> | <u>25,463,671</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$210,549,372</u> | <u>\$209,474,522</u> | <u>\$98,549,657</u> | <u>\$111,999,715</u> | <u>\$ -</u> |

Note:

- (a) There were no transfers between Level I and Level II during 2022 or 2021.
- (b) There were no security transfers out of Level III holdings into Level II holdings between 2021 to 2022.
- (c) The Company's policy is to recognize transfers between levels as of the end of the reporting period.
- (d) Fair value measurements of securities within the Level II and Level III hierarchy are determined using the NAIC SVO pricing source at December 31, 2022 and 2021.
- (e) There was \$0 interest income for Level III investments held as of December 31, 2022 and 2021.

5. EDP EQUIPMENT—NET

EDP equipment—net at December 31, 2022 and 2021, is as follows:

| | 2022 | 2021 |
|---|---------------------|---------------------|
| Furniture, fixtures, equipment, and information systems | \$ 25,884,264 | \$ 31,242,739 |
| Leasehold improvements | <u>373,380</u> | <u>644,101</u> |
| | 26,257,644 | 31,886,840 |
| Accumulated depreciation and amortization | <u>(22,393,856)</u> | <u>(27,566,863)</u> |
| | 3,863,788 | 4,319,977 |
| Amount nonadmitted | <u>(1,986,045)</u> | <u>(1,702,602)</u> |
| Admitted value | <u>\$ 1,877,743</u> | <u>\$ 2,617,375</u> |

Depreciation and amortization expense for the years ended December 31, 2022 and 2021, was \$2,469,607 and \$2,458,758, respectively.

6. RELATED-PARTY TRANSACTIONS

HNE has transactions in the normal course of business with BH. Medical claims expense for services provided to HNE members by subsidiaries of BH was approximately \$206,795,585 and \$189,481,992 in 2022 and 2021, respectively. Usage fees paid to Baycare Health Partners, Inc., a physician hospital organization, which is 50% owned by BH, totaled \$348,324 and \$348,324 in 2022 and 2021, respectively.

As of December 31, 2022 and 2021, HAS had a net deficit of \$12,836,151 and \$12,570,551, respectively. As the Company is committed to funding HAS, a liability has been recorded in this amount as of December 31, 2022 and 2021. This liability has been offset against receivables from HAS recorded in due from affiliates in the statutory-basis statements of admitted assets, liabilities, and statutory net worth. Additionally, as of December 31, 2022 and 2021, \$0 and \$37,536, respectively, of receivables from HAS were nonadmitted.

HNE has entered into a capital maintenance agreement with HOC, whereby HNE has agreed to provide HOC with sufficient funds to have levels of total adjusted capital equal to or greater than 300% of the authorized control level.

The Company is a member of a controlled group of affiliated companies and the results are not necessarily what would be reflected as a stand-alone entity.

7. HEALTH CARE BENEFIT COSTS

Activity in health care claims payable for 2022 and 2021, was as follows:

| | 2022 | 2021 |
|--|-----------------------|----------------------|
| Health care claims payable: | | |
| Health care claims payable—beginning of year | \$ 83,950,703 | \$ 69,680,973 |
| Provider incentive liability—beginning of year | <u>9,544,891</u> | <u>15,335,274</u> |
| | <u>93,495,594</u> | <u>85,016,247</u> |
| Claims incurred: | | |
| Current year | 827,559,865 | 788,624,649 |
| Prior years | <u>153,754</u> | <u>(2,337,203)</u> |
| | <u>827,713,619</u> | <u>786,287,446</u> |
| Claims paid: | | |
| Current year | (737,510,650) | (713,142,929) |
| Prior years | <u>(65,463,708)</u> | <u>(64,556,596)</u> |
| | <u>(802,974,358)</u> | <u>(777,699,525)</u> |
| Increase (decrease) in health care receivables | <u>4,843,571</u> | <u>(108,574)</u> |
| Health care claims payable—end of year | 97,446,892 | 83,950,703 |
| Provider incentive liability—end of year | <u>25,631,534</u> | <u>9,544,891</u> |
| | <u>\$ 123,078,426</u> | <u>\$ 93,495,594</u> |

Claims reserves and health care receivables as of December 31, 2021, were \$93,495,594 and \$14,826,102, respectively. As of December 31, 2022, \$65,463,708 has been paid for incurred claims, net of health care receivables collected, attributable to insured events of prior years. Reserves remaining for prior years are now \$13,790,036, and there are \$408,982 of health care receivables remaining for prior years. Therefore, there has been \$153,754 in unfavorable prior-year development since December 31, 2021. The unfavorable development is generally a result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

8. PROVIDER INCENTIVE PAYABLE

Under various incentive agreements, HNE maintains several health service funds in which it establishes per-member per-month (PMPM) medical expense rates (target) that are calculated annually based upon actual premium revenues and/or contractual requirements. During the year, submitted claims are paid to providers based upon established fee schedules, less a withhold amount ranging up to 12%, depending upon the provider and the type of service, which is withheld from each claim remittance and capitation payment for some providers. Total medical costs incurred for each provider site are compared to the predetermined PMPM target amount for that site. In the event that actual medical

costs are less than target medical costs, a provider incentive liability is accrued. In the event that actual medical costs are greater than target medical costs, a provider incentive receivable is accrued. The Company accrued a provider incentive liability of \$25,631,535 and \$9,544,891 as of December 31, 2022 and 2021, respectively. The Company accrued provider receivables of \$0 and \$3,778,565 as of December 31, 2022 and 2021, respectively, included in health care and other receivables.

Subsequent to the end of each contract year, HNE recalculates the provider incentive receivables and liability based upon actual claim payments through six months after the contract year. Final billing and payments may be different from the amount accrued and adjustments are recorded in the period in which a settlement is made.

9. HEALTH CARE AND OTHER RECEIVABLES

Health care and other receivables as of December 31, 2022 and 2021, are as follows:

| | 2022 | 2021 |
|---|----------------------|----------------------|
| Pharmacy rebates | \$ 9,831,064 | \$ 8,341,147 |
| Provider deficit-sharing receivables | - | 3,778,565 |
| Receivables from providers | - | 27,212 |
| Other | <u>4,928,757</u> | <u>3,141,126</u> |
| Gross health care and other receivables | 14,759,821 | 15,288,050 |
| Amount nonadmitted | <u>(1,316,511)</u> | <u>(461,948)</u> |
| Net health care and other receivables | <u>\$ 13,443,310</u> | <u>\$ 14,826,102</u> |

Pharmaceutical Rebate Receivables—Throughout the year, the Company records receivables for pharmacy rebates. Depending on the age of the pharmacy rebate, HNE will use a different method to calculate the admitted amount of the receivables. At December 31, 2022, 2021, and 2020, all receivables that have been confirmed by the PBM within two months after the quarter-end are admitted. Amounts that are 90 days' past confirmation date are not admitted.

Pharmacy rebate receivables by quarter as of December 31, 2022, 2021, and 2020, are as follows:

| | Quarter Ended | Estimated Pharmacy Rebate Reported | Pharmacy Rebates as Billed or Otherwise Confirmed | Rebates Collected within 90 Days | Rebates Collected between 91–180 Days | Rebates Collected More than 180 Days |
|-------------------------|--------------------|------------------------------------|---|----------------------------------|---------------------------------------|--------------------------------------|
| As of December 31, 2022 | December 31, 2022 | \$ 9,831,064 | \$ 10,852,145 | \$ - | \$ - | \$ - |
| | September 30, 2022 | 10,034,834 | 11,149,815 | 11,202,232 | - | - |
| | June 30, 2022 | 9,766,842 | 10,852,046 | 11,071,959 | 283,536 | - |
| | March 31, 2022 | 9,173,830 | 10,193,145 | 10,294,294 | 318,351 | 105,123 |
| As of December 31, 2021 | December 31, 2021 | 8,341,147 | 9,624,099 | 9,653,211 | 120,939 | (402) |
| | September 30, 2021 | 8,261,596 | 9,580,752 | 9,021,952 | 342,624 | 28,924 |
| | June 30, 2021 | 8,260,779 | 9,428,439 | 9,574,031 | 22,816 | 79,342 |
| | March 31, 2021 | 8,043,721 | 9,353,314 | 8,612,395 | 440,322 | (495,330) |
| As of December 31, 2020 | December 31, 2020 | 6,147,077 | 7,425,382 | 6,843,109 | 33,469 | 373,550 |
| | September 30, 2020 | 6,138,976 | 7,214,188 | 6,588,261 | - | 424,629 |
| | June 30, 2020 | 6,686,149 | 7,853,698 | 6,542,047 | 94,681 | 719,789 |
| | March 31, 2020 | 5,947,447 | 7,423,441 | 6,980,659 | 569,879 | 611,201 |

Risk-Sharing Receivables—The Company has contracted with certain providers that have agreed to share risk. The providers are allocated targeted medical spend amounts. If the actual spend amounts are higher than the targeted spend amounts, both the Company and the provider assume some of the overage. The Company records a receivable from the provider and settles with the provider once the number of contractual months of run-out are applied. As of December 31, 2022 and 2021, estimated risk-sharing receivables were \$0 and \$3,778,565, respectively. In 2022, risk-sharing receivables billed and received related to 2021 and prior were \$0 for both. In 2021, risk-sharing receivables billed and received related to 2020 and prior were \$711,834 and \$711,834, respectively. As of December 31, 2022 and 2021, risk-sharing receivables not yet billed related to prior years are \$0 and \$3,414,468, respectively.

10. LEASE COMMITMENTS

HNE leases certain hardware, software, vehicles, office space, and storage facilities under noncancelable operating leases expiring in 2029 with varying renewal options. Future minimum lease payments due under operating lease agreements at December 31, 2022, are as follows:

| Fiscal Years Ending | |
|------------------------------|---------------------|
| 2023 | \$ 1,045,230 |
| 2024 | 1,045,242 |
| 2025 | 1,066,126 |
| 2026 | 1,087,440 |
| 2027 | 1,109,192 |
| Thereafter | <u>2,285,360</u> |
| Total minimum lease payments | <u>\$ 7,638,590</u> |

Rental expense amounted to approximately \$761,246 and \$922,755 for the years ended December 31, 2022 and 2021, respectively.

11. EMPLOYEE BENEFIT PLAN

HNE provides a 401(k) Retirement Plan (the "Plan") to its employees. Employees may contribute up to 75% of pretax annual compensation as defined in the Plan document. In 2022 and 2021, HNE matched 100% of the first 6% of employee contributions to the Plan. In 2022 and 2021, HNE contributed \$1,900,603 and \$1,939,037, respectively, in matching contributions. An additional profit-sharing contribution may be made by HNE at its discretion. In 2022 and 2021, HNE made no profit-sharing contributions. Contributions and compensation levels are subject to certain limitations under the Internal Revenue Code.

All administrative costs associated with the Plan are the responsibility of HNE. The Plan's administrative fees amounted to \$7,703 and \$0 for the years ended December 31, 2022 and 2021, respectively.

12. REINSURANCE

HNE has reinsured its liability for certain catastrophic medical services. The reinsurance contract provides for coverage of HNE's fully funded and Medicare member's cumulative inpatient and outpatient hospital facility claims in excess of \$750,000 per member and Medicare claims in excess of \$1,000,000 per member, subject to certain limitations as defined in the contract. Total premiums of \$2,562,346 and \$3,106,478 were ceded related to reinsurance coverage for the years ended December 31, 2022 and 2021, respectively. Recoveries were collected for this coverage in the amounts of \$1,676,371 and \$2,137,305 during the years ended December 31, 2022 and 2021, respectively. The Company has recorded a reinsurance receivable of \$5,313,608 and \$338,626 for the years ended December 31, 2022 and 2021, respectively, related to the reinsurance contract.

In addition to the above coverage, HNE has accrued for estimated recoveries related to the Department of Health & Human Services High-Cost Risk Pool program. This portion of the risk adjustment program helps ensure that risk adjustment transfers better reflect average actuarial risk, while also stabilizing premiums and reimbursing issuers for a portion of costs for exceptionally high-cost enrollees. The Company has recorded a receivable of \$1,011,021 and \$0 for the years ended December 31, 2022 and 2021, respectively.

13. MAJOR CUSTOMER

HNE's largest enrolled customer group is the Connector. Premium revenue from the Connector amounted to approximately 7.9% and 7.9% of total net premium income for the years ended December 31, 2022 and 2021, respectively.

14. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject HNE to concentrations of credit risk primarily consist of investments in marketable securities and premiums receivable. HNE's investments in marketable securities are managed by external investment managers within the guidelines established by the Board of Directors and the Investment Committee. The investment guidelines limit the amounts that may be invested in any one issuer, except for securities issued by the US Treasury or a US government agency. Concentrations of credit risk with respect to premiums receivable are limited due to the large number of employer groups comprising the customer base. As of December 31, 2022, management believes that HNE has no significant concentrations of credit risk.

15. CONTINGENCIES

HNE is involved in legal proceedings in the ordinary course of business. In the opinion of management, there are no matters pending against or involving HNE whose outcome is likely to have a material adverse effect on the statutory-basis financial position, operating results, or cash flows of HNE.

16. MINIMUM SURPLUS REQUIREMENTS UNDER COMMONWEALTH OF MASSACHUSETTS LAW

In accordance with the insurance laws and regulations established by the Commonwealth of Massachusetts, the Company is required to maintain a minimum surplus of the largest of the following four tests:

- a) \$1,000,000
- b) The total of 2% of the first \$150,000,000 of premium and 1% of premium in excess of \$150,000,000
- c) Three months of uncovered health care expenditures
- d) 4% of annual hospital expenditures, plus 8% of all other medical expenditures, excluding capitated arrangements

Based on 2022 activity, the minimum capital amount as determined by each of the above tests is as follows: a) \$1,000,000, b) \$10,729,966, c) \$10,223,951, and d) \$45,010,162. At December 31, 2022, the Company's surplus exceeded the Commonwealth of Massachusetts' laws and regulations regarding minimum surplus.

17. NAIC MODEL REGULATION

The MCO Risk-Based Capital (RBC) model regulation (the "Model Regulation") was adopted by the NAIC in December 1997 to establish benchmarks for minimum levels of statutory RBC. The Model Regulation prescribes specific actions that insurance departments should take (i.e., action levels) when certain RBC thresholds are not met. Calculation of RBC in accordance with the Model Regulation is required in connection with the annual statutory filing. HNE's statutory capital at December 31, 2015, was at the Regulatory Action Level as established by the Model Regulation. Subsequently, HNE has submitted a comprehensive financial plan to the insurance commissioner and provides periodic updates to the staff at the Massachusetts Division of Insurance. HNE's statutory capital at December 31, 2022 and 2021, exceeded the Company Action Level.

18. SURPLUS NOTE

In order to mitigate the surplus impact of significant growth in addition to net losses in 2015, the Company received a \$20,000,000 surplus note from BH. The surplus note was issued on December 28, 2015, and has no stated maturity date. All interest computations are made on the basis of a 360-day year and actual days elapsed. The interest rate is the federal funds effective rate, plus 0.70%, and is published on any business day by the Federal Reserve Bank of New York. Repayment of principal or interest is contingent upon the approval of the Massachusetts Division of Insurance. No payment of principal or interest was paid in 2022 or 2021. In accordance with SSAP No. 41R, *Surplus Notes*, no interest has been accrued or expensed. This surplus note is subordinate to all other liabilities of the Company.

19. ACCOUNTING FOR CERTAIN PROVISIONS OF THE ACA

Effective January 1, 2014, the ACA includes permanent premium stabilization provisions for the risk adjustment program, which are applicable to those insurers participating in the Massachusetts individual and small group market.

The influx of previously uninsured individuals into the health system mandated by the ACA could make it more difficult for health insurers to establish pricing accurately, at least during the early years of the exchanges. The risk adjustment is intended to mitigate some of the risks around pricing and lack of information surrounding the previously uninsured by either assessing or subsidizing insurance companies based on small group risk profiles and results.

The impact of risk-sharing provisions of the ACA on admitted assets, liabilities, net premium income, and expenses for the years ended December 31, 2022 and 2021, is as follows:

| | 2022 | 2021 |
|--|-------------|-------------|
| ACA Permanent Risk Adjustment Program: | | |
| Premium adjustments receivable due to ACA risk adjustment | \$ - | \$ - |
| Risk adjustment user fees payable for ACA risk adjustment | 107,035 | 48,467 |
| Premium adjustments payable due to ACA risk adjustment | 10,836,512 | 8,141,468 |
| Reported as revenue in premium for accident and health contracts (written/collected) due to ACA risk adjustment (increase) decrease to revenue | 15,353,563 | 4,652,366 |
| Reported in expenses as ACA risk adjustment user fees (incurred/paid) | - | - |

A rollforward of the prior-year ACA risk-sharing provisions for the following asset (gross of any nonadmission) and liability balances, along with the reasons for adjustments to prior-year balance, is as follows:

| | Accrued During the Prior Year on Business Written before December 31 of the Prior Year | | Received or Paid as of the Current Year on Business Written before December 31 of the Prior Year | | Differences in Prior-Year Accrued Less Payments (Col 1 - 3) | | Prior-Year Accrued Less Payments (Col 2 - 4) | | Adjustments to Prior-Year Balances | | Adjustments to Prior-Year Balances | | Balance from Prior Years (Col 1 - 3 + 7) | | Cumulative Balance from Prior Years (Col 2 - 4 + 8) | |
|--|--|-------------|--|---------------|---|----------------|--|----------------|------------------------------------|--------------|------------------------------------|--------------|--|---------|---|---------|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 |
| | Receivable | Payable | Receivable | Payable | Receivable | Payable | Receivable | Payable | Receivable | Payable | Receivable | Payable | Receivable | Payable | Receivable | Payable |
| Permanent ACA Risk Adjustment Program: | | | | | | | | | | | | | | | | |
| Premium adjustments receivable | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Premium adjustments payable | - | 8,141,468 | - | 12,658,519 | - | (4,517,051) | - | (4,517,051) | - | 4,517,051 | - | 4,517,051 | - | - | - | - |
| Total for ACA risk-sharing provisions | \$ - | \$8,141,468 | \$ - | \$ 12,658,519 | \$ - | \$ (4,517,051) | \$ - | \$ (4,517,051) | \$ - | \$ 4,517,051 | \$ - | \$ 4,517,051 | \$ - | \$ - | \$ - | \$ - |

A. The 2022 risk adjustment payment exceeded the estimated 2021 year-end payable. Final payment based on CMS reporting.

20. SUBSEQUENT EVENTS

The Company has evaluated events and transactions subsequent to December 31, 2022, through April 26, 2023, the date the statutory-basis financial statements were available for issuance, and has determined that there were no material events or transactions, which require adjustments to or disclosures in the statutory-basis financial statements.

* * * * *

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
Health New England, Inc.
Springfield, Massachusetts

Report on Supplemental Schedule of Investment Risks Interrogatories, Summary Investment Schedule, and Supplemental Schedule Regarding Reinsurance Contracts with Risk-Limiting Features

Our 2022 audit was conducted for the purpose of forming an opinion on the 2022 statutory-basis financial statements as a whole. The supplemental schedules regarding reinsurance contracts with risk-limiting features, investment risks interrogatories, and the summary investment schedule as of December 31, 2022, are presented for purposes of additional analysis and are not a required part of the 2022 statutory-basis financial statements. These supplemental schedules are the responsibility of Health New England, Inc.'s (the "Company") management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the statutory-basis financial statements. Such supplemental schedules have been subjected to the auditing procedures applied in our audit of the 2022 statutory-basis financial statements and certain additional procedures, including comparing and reconciling such supplemental schedules directly to the underlying accounting and other records used to prepare the statutory-basis financial statements or to the statutory-basis financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, such supplemental schedules are fairly stated, in all material respects, in relation to the 2022 statutory-basis financial statements as a whole.

Restriction on Use

Our report is intended solely for the information and use of the Board of Directors and the management of the Company and for filing with state insurance departments to whose jurisdiction the Company is subject and is not intended to be, and should not be, used by anyone other than these specified parties.

Deloitte + Touche LLP

April 26, 2023

HEALTH NEW ENGLAND, INC.

SUPPLEMENTAL SCHEDULE REGARDING REINSURANCE CONTRACTS WITH RISK-LIMITING FEATURES FOR THE YEAR ENDED DECEMBER 31, 2022

Reinsurance Contracts Subject to *Appendix A-791—Life and Health Reinsurance Agreements of the NAIC Accounting Practices and Procedures Manual*:

HNE has renewed one reinsurance contract on or after January 1, 2022, which does not include risk-limiting features, as described in *SSAP No. 61R—Life, Deposit-Type and Accident and Health Reinsurance* (SSAP No. 61R).

Reinsurance Contracts NOT subject to *Appendix A-791—Life and Health Reinsurance Agreements of the NAIC Accounting Practices and Procedures Manual*:

HNE has not entered into any reinsurance contracts that are not subject to Appendix A-791 for which reinsurance accounting was applied or limits the reinsurer's assumption of risk.

Payments to Reinsurers (Excluding Reinsurance Contracts with a Federal or State Facility):

HNE's reinsurance contracts do not contain features that result in delays in payment.

Reinsurance Contracts NOT Subject to *Appendix A-791—Life and Health Reinsurance Agreements of the NAIC Accounting Practices and Procedures Manual* and NOT Yearly Renewable Term that Meet the Risk Transfer Requirements under SSAP No. 61R:

HNE has not reflected reinsurance reserve credits for any reinsurance contracts entered into, renewed, or amended on or after January 1, 2022, for the following:

- a. Assumption reinsurance
- b. Nonproportional reinsurance that does not result in significant surplus relief

HNE has not ceded any risk during the year ended December 31, 2022, under any reinsurance contracts entered into, renewed, or amended on or after January 1, 2022, that apply reinsurance accounting, as described under SSAP No. 61R for statutory accounting principles and applies deposit accounting under accounting principles generally accepted in the United States of America (GAAP).

HNE has not ceded any risk during the period ended December 31, 2022, under any reinsurance contracts entered into, renewed, or amended on or after January 1, 2022, accounted for as reinsurance under GAAP and as a deposit under SSAP No. 61R.

HEALTH NEW ENGLAND, INC.

SUPPLEMENTAL SCHEDULE OF INVESTMENT RISKS INTERROGATORIES AS OF DECEMBER 31, 2022

Investment Risks Interrogatories—Health New England, Inc.’s (HNE or the “Company”) total admitted assets as reported on page 2 of its annual statement are \$292,952,185.

1. Following are the 10 largest exposures to a single issuer/borrower/investment, by investment category, excluding: (i) US government, US government agency securities, and those US government money market funds listed in the appendix to the SVO Practices and Procedures Manual as exempt and (ii) property occupied by the Company:

| Issuer | Statement Value | Percentage of Total Admitted Assets |
|---|----------------------|-------------------------------------|
| Citigroup Inc | \$ 1,698,373 | 0.58 % |
| Navient Private Education Refi Loan Trust | 1,667,033 | 0.57 |
| JP Morgan Chase & Co | 1,619,537 | 0.55 |
| Morgan Stanley | 1,485,558 | 0.51 |
| Bank of Ameroca Corp | 1,475,616 | 0.50 |
| Verus Securization Trust | 1,260,952 | 0.43 |
| SMB Private Educational Loan Trust | 1,145,409 | 0.39 |
| Verizon Communications | 1,017,951 | 0.35 |
| AbbVie Inc | 820,613 | 0.28 |
| AT&T Inc | <u>815,197</u> | <u>0.28</u> |
| Total | <u>\$ 13,006,239</u> | <u>4.44 %</u> |

2. The Company’s total admitted assets held in bonds and preferred stock, by National Association of Insurance Commissioners (NAIC) rating, are as follows:

| NAIC Rating | Bonds | | NAIC Rating | Preferred Stock | |
|-------------|-----------------------|-------------------------------------|-------------|-----------------|-------------------------------------|
| | Amount | Percentage of Total Admitted Assets | | Amount | Percentage of Total Admitted Assets |
| NAIC-1 | \$ 136,154,017 | 46.48 % | P/PSF-1 | \$ - | - |
| NAIC-2 | 16,604,700 | 5.67 | P/PSF-2 | - | - |
| NAIC-3 | - | - | P/PSF-3 | - | - |
| NAIC-4 | - | - | P/PSF-4 | - | - |
| NAIC-5 | - | - | P/PSF-5 | - | - |
| NAIC-6 | - | - | P/PSF-6 | - | - |
| | <u>\$ 152,758,717</u> | <u>52.15 %</u> | | <u>\$ -</u> | <u>-</u> |

3. Assets held in foreign investments are 3.3% of the Company's total admitted assets at December 31, 2022.
4. Assets held in Canadian investments are 0.1% of the Company's total admitted assets at December 31, 2022.
5. Assets held in investments with contractual sales restrictions are 0% of the Company's total admitted assets at December 31, 2022.
6. Assets held in equity interests are 9.4% of the Company's total admitted assets at December 31, 2022.

| Issuer | Amount | Percentage of Total Admitted Assets |
|--|-----------------------------|--|
| BlackRock Ishares Total US Stock Market ETF | \$ 11,949,422 | 4.1 % |
| BlackRock Ishares Core MSCI EM ETF | 5,966,516 | 2.0 |
| BlackRock Ishares Core MSCI Int Developed Market ETF | 2,242,441 | 0.8 |
| HNE Insurance Company, Inc. | 3,215,424 | 1.1 |
| HNE of Connecticut, Inc. | <u>4,308,480</u> | <u>1.5</u> |
| Total | <u><u>\$ 27,682,283</u></u> | <u><u>9.5 %</u></u> |

7. Assets held in nonaffiliated, privately placed equities are 0% of the Company's total admitted assets at December 31, 2022.
8. Assets held in general partnership interests are 0% of the Company's total admitted assets at December 31, 2022.
9. The Company does not maintain any mortgage loans.
10. The Company does not maintain any real estate investments.
11. The Company's total admitted assets are not subject to the types of agreements enumerated in NAIC Interrogatory No. 20.
12. The Company's total admitted assets are not subject to warrants.
13. The Company's total admitted assets are not subject to hedging, income generation.
14. \$0 of the Company's total admitted assets are subject to futures contracts.
15. As of December 31, 2022, the category "Assets Held in Other Invested Assets" is \$43,844.

HEALTH NEW ENGLAND, INC.

SUMMARY INVESTMENT SCHEDULE AS OF DECEMBER 31, 2022

| Investment Categories | Gross Investment Holdings* | | Admitted Assets as Reported in the Annual Statement | |
|---|----------------------------|---|---|--|
| | Amount | Percentage of Gross Investment Holdings | Amount | Percentage of Admitted Invested Assets |
| Bonds: | | | | |
| US Treasury securities | \$ 48,626,297 | 18.556 % | \$ 48,626,297 | 18.592 % |
| US government agency and corporate obligations (excluding mortgage-backed securities): | | | | |
| Issued by US government agencies | - | - | - | - |
| Issued by US government sponsored agencies | - | - | - | - |
| Non U.S. government (including Canada, excluding mortgage-backed securities) | - | - | - | - |
| Securities issued by states, territories, and possessions and political subdivisions in the U.S.: | | | | |
| States, territories, and possessions general obligations | 199,908 | 0.076 | 199,908 | 0.076 |
| Political subdivisions of states, territories, and possessions and political subdivisions general obligations | - | - | - | - |
| Revenue and assessment obligations | 47,368,035 | 18.076 | 47,368,035 | 18.111 |
| Industrial development and similar obligations | 33,528,575 | 12.795 | 33,528,575 | 12.820 |
| Mortgage-backed securities (includes residential and commercial MBS) | 10,114,326 | 3.860 | 10,114,326 | 3.867 |
| Pass through securities: | | | | |
| Guaranteed by GNMA | | | | |
| Issued or guaranteed by FNMA and FHLMC | - | - | - | - |
| Privately issued | - | - | - | - |
| CMOs and RLMICs: | | | | |
| Issued or guaranteed by GNMA, FNMA, and FHIMC or VA | - | - | - | - |
| Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC | - | - | - | - |
| All other | | | | |
| Other debt and other fixed income securities (excluding short term) | - | - | - | - |
| Unaffiliated domestic securities (includes credit tenant loans and hybrid securities) | 12,921,576 | 4.931 | 12,921,576 | 4.941 |
| Unaffiliated non-U.S. securities (including Canada) | - | - | - | - |
| Affiliated securities | - | - | - | - |

(Continued)

HEALTH NEW ENGLAND, INC.

SUMMARY INVESTMENT SCHEDULE AS OF DECEMBER 31, 2022

| Investment Categories | Gross Investment Holdings* | | Admitted Assets as Reported in the Annual Statement | |
|--|----------------------------|---|---|--|
| | Amount | Percentage of Gross Investment Holdings | Amount | Percentage of Admitted Invested Assets |
| Equity interests: | | | | |
| Investments in mutual funds | \$ 20,158,379 | 7.693 % | \$ 20,158,379 | 7.708 % |
| Preferred stocks: | | | | |
| Affiliated | - | - | - | - |
| Unaffiliated | - | - | - | - |
| Publicly traded equity securities (excluding preferred stocks): | | | | |
| Affiliated | - | - | - | - |
| Unaffiliated | - | - | - | - |
| Other equity securities: | | | | |
| Affiliated | 7,655,574 | 2.921 | 7,523,904 | 2.877 |
| Unaffiliated | - | - | - | - |
| Other equity interests including tangible personal property under lease: | | | | |
| Affiliated | - | - | - | - |
| Unaffiliated | - | - | - | - |
| Mortgage loans: | | | | |
| Construction and land development | - | - | - | - |
| Agricultural | - | - | - | - |
| Single family residential properties | - | - | - | - |
| Multifamily residential properties | - | - | - | - |
| Commercial loans | - | - | - | - |
| Real estate investments: | | | | |
| Property occupied by company | - | - | - | - |
| Property held for production of income (includes \$0 of property acquired in satisfaction of debt) | - | - | - | - |
| Property held for sale (includes \$0 of property acquired in satisfaction of debt) | - | - | - | - |
| Collateral loans | - | - | - | - |
| Policy loans | - | - | - | - |
| Receivables for securities | 43,844 | 0.017 | 43,844 | 0.017 |
| Cash, cash equivalents, and short-term investments | 81,055,498 | 30.951 | 81,055,498 | 30.992 |
| Other invested assets | 379,967 | 0.145 | - | - |
| Total invested assets | <u>\$ 262,051,979</u> | <u>100.000 %</u> | <u>\$ 261,540,342</u> | <u>100.000 %</u> |

* Gross investment holdings as valued in compliance with NAIC Accounting Practices and Procedures Manual

(Concluded)

HEALTH NEW ENGLAND, INC.

NOTES TO SUPPLEMENTAL INVESTMENT DISCLOSURES AS OF DECEMBER 31, 2022

BASIS OF PRESENTATION

The accompanying supplemental schedules present selected investment disclosures as of December 31, 2022, for purposes of complying with the National Association of Insurance Commissioners' *Accounting Practices and Procedures Manual* and agree to, or are included in, the amounts reported in the Company's 2022 statutory annual statement as filed with the Commonwealth of Massachusetts Division of Insurance.

* * * * *

HNE Insurance Company, Inc.

Statutory-Basis Financial Statements as of and for
the Years Ended December 31, 2021 and 2020,
Supplementary Information as of December 31,
2021, and Independent Auditor's Reports

HNE INSURANCE COMPANY, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
HNE Insurance Company, Inc.
Springfield, Massachusetts

Opinions

We have audited the statutory-basis financial statements of HNE Insurance Company, Inc. (the "Company"), which comprise the statutory-basis statements of admitted assets, liabilities, and capital and surplus as of December 31, 2021 and 2020, and the related statutory-basis statements of income, changes in capital and surplus, and cash flows for the years then ended, and the related notes to the statutory-basis financial statements (collectively referred to as the "statutory-basis financial statements").

Unmodified Opinion on Statutory-Basis of Accounting

In our opinion, the accompanying statutory-basis financial statements present fairly, in all material respects, the admitted assets, liabilities, and capital and surplus of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended, in accordance with the accounting practices prescribed or permitted by the Massachusetts Division of Insurance described in Note 2.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America section of our report, the statutory-basis financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2021 and 2020, or the results of its operations or its cash flows for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Statutory-Basis 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in Note 2 to the statutory-basis financial statements, the statutory-basis financial statements are prepared by the Company using the accounting practices prescribed or permitted by the Massachusetts Division of Insurance, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Massachusetts

Division of Insurance. The effects on the statutory-basis financial statements of the variances between the statutory-basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Statutory-Basis Financial Statements

Management is responsible for the preparation and fair presentation of the statutory-basis financial statements in accordance with the accounting practices prescribed or permitted by the Massachusetts Division of Insurance. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of statutory-basis financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the statutory-basis 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 that the statutory-basis financial statements are issued.

Auditor's Responsibilities for the Audit of the Statutory-Basis Financial Statements

Our objectives are to obtain reasonable assurance about whether the statutory-basis financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 statutory-basis financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the statutory-basis 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 statutory-basis 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 statutory-basis 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.

Deloitte + Touche LLP

April 29, 2022

HNE INSURANCE COMPANY, INC.

STATUTORY-BASIS STATEMENTS OF ADMITTED ASSETS, LIABILITIES, AND CAPITAL AND SURPLUS AS OF DECEMBER 31, 2021 AND 2020

| | 2021 | 2020 |
|--|----------------------------|----------------------------|
| ADMITTED ASSETS | | |
| INVESTED ASSETS—Cash and cash equivalents | <u>\$ 5,642,175</u> | <u>\$ 5,419,804</u> |
| RECEIVABLES: | | |
| Premiums receivable | 23,499 | 20,038 |
| Health care and other receivables | 3,166 | - |
| Current federal and foreign income tax recoverable | 1,396 | 5,500 |
| Receivable from affiliates | <u>-</u> | <u>64,307</u> |
| Total receivables | <u>28,061</u> | <u>89,845</u> |
| TOTAL ADMITTED ASSETS | <u><u>\$ 5,670,236</u></u> | <u><u>\$ 5,509,649</u></u> |
| LIABILITIES AND CAPITAL AND SURPLUS | | |
| LIABILITIES: | | |
| Health care claims payable | \$ 938,306 | \$ 395,201 |
| Unpaid claims adjustment expenses | 21,734 | 10,000 |
| Premiums received in advance | 297,923 | 169,831 |
| Payable to affiliates | 328,638 | - |
| Accrued expenses and other liabilities | <u>34,362</u> | <u>14,881</u> |
| Total liabilities | <u>1,620,963</u> | <u>589,913</u> |
| CAPITAL AND SURPLUS: | | |
| Common stock, \$20 par value—275,000 shares authorized; 100,000 shares issued and outstanding; in 2021 and 2020 | 2,000,000 | 2,000,000 |
| Additional paid-in capital | 3,000,000 | 3,000,000 |
| Unassigned loss | <u>(950,727)</u> | <u>(80,264)</u> |
| Total capital and surplus | <u>4,049,273</u> | <u>4,919,736</u> |
| TOTAL LIABILITIES AND CAPITAL AND SURPLUS | <u><u>\$ 5,670,236</u></u> | <u><u>\$ 5,509,649</u></u> |

See notes to statutory-basis financial statements.

HNE INSURANCE COMPANY, INC.

STATUTORY-BASIS STATEMENTS OF REVENUES AND EXPENSES FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

| | 2021 | 2020 |
|---|---------------------|---------------------|
| NET PREMIUM INCOME | <u>\$ 5,947,268</u> | <u>\$ 2,957,476</u> |
| EXPENSES: | | |
| Health care benefit costs | 5,627,752 | 2,612,369 |
| Claims adjustment expenses | 87,334 | 4,000 |
| Decrease in reserves for health contracts | - | (41,925) |
| General and administrative | <u>1,124,643</u> | <u>554,164</u> |
| Total expenses | <u>6,839,729</u> | <u>3,128,608</u> |
| NET UNDERWRITING LOSS | (892,461) | (171,132) |
| NET INVESTMENT INCOME—Including net realized gain of \$0 and \$0 in 2021 and 2020, respectively | <u>-</u> | <u>13,442</u> |
| NET LOSS | <u>\$ (892,461)</u> | <u>\$ (157,690)</u> |

See notes to statutory-basis financial statements.

HNE INSURANCE COMPANY, INC.

STATUTORY-BASIS STATEMENTS OF CHANGES IN CAPITAL AND SURPLUS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

| | Common Stock | | Additional Paid-In Capital | Unassigned Surplus (Loss) | Total Capital and Surplus |
|------------------------------|----------------|--------------------|----------------------------------|------------------------------|---------------------------------|
| | Shares | Amount | | | |
| BALANCE—January 1, 2020 | 100,000 | \$2,000,000 | \$3,000,000 | \$ 76,378 | \$5,076,378 |
| Net loss | - | - | - | (157,690) | (157,690) |
| Change in nonadmitted assets | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,048</u> | <u>1,048</u> |
| BALANCE—December 31, 2020 | 100,000 | 2,000,000 | 3,000,000 | (80,264) | 4,919,736 |
| Net loss | - | - | - | (892,461) | (892,461) |
| Change in nonadmitted assets | <u>-</u> | <u>-</u> | <u>-</u> | <u>21,998</u> | <u>21,998</u> |
| BALANCE—December 31, 2021 | <u>100,000</u> | <u>\$2,000,000</u> | <u>\$3,000,000</u> | <u>\$(950,727)</u> | <u>\$4,049,273</u> |

See notes to statutory-basis financial statements.

HNE INSURANCE COMPANY, INC.

STATUTORY-BASIS STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

| | 2021 | 2020 |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Premiums collected | \$ 6,094,243 | \$ 3,014,827 |
| Benefit and loss-related payments | (5,088,160) | (2,658,199) |
| Net investment income received | - | 13,442 |
| Commissions and expenses paid | (1,180,761) | (545,685) |
| Federal income taxes refunded (paid) | <u>4,104</u> | <u>(4,860)</u> |
| Net cash used in operating activities | (170,574) | (180,475) |
| CASH FLOWS FROM FINANCING ACTIVITIES—Other cash provided (applied) | <u>392,945</u> | <u>(10,544)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 222,371 | (191,019) |
| CASH AND CASH EQUIVALENTS—Beginning of year | <u>5,419,804</u> | <u>5,610,823</u> |
| CASH AND CASH EQUIVALENTS—End of year | <u>\$ 5,642,175</u> | <u>\$ 5,419,804</u> |

See notes to statutory-basis financial statements.

HNE INSURANCE COMPANY, INC.

NOTES TO STATUTORY-BASIS FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

1. ORGANIZATION AND NATURE OF BUSINESS

HNE Insurance Company, Inc. (HIC or the “Company”) provides prepaid health insurance coverage for Medicare Supplement medical services, primarily in western Massachusetts. Medical services are provided through contracts with physicians, established primary care and multispecialty provider groups, hospitals, and other health care providers. HIC commenced operations in 2012 and began underwriting policies in 2013. HIC is organized as a for-profit taxable organization.

The Company is a wholly owned subsidiary of HNE Holding Corporation, which is a wholly owned subsidiary of Health New England, Inc. (HNE). HNE provides administrative services on behalf of the Company subject to the terms of the administrative agreement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The accompanying statutory-basis financial statements of the Company have been prepared in accordance with the National Association of Insurance Commissioners (NAIC) Accounting Practices and Procedures Manual for Statutory Accounting Principles (NAIC SAP), which do not differ from the accounting practices prescribed or permitted by the Commonwealth of Massachusetts Division of Insurance. NAIC SAP does differ from the accounting principles generally accepted in the United States of America (GAAP).

The significant variances from GAAP are as follows:

Nonadmitted Assets—Certain assets designated as “nonadmitted,” including deferred taxes, prepaid items, certain health care receivables, and receivables more than 90 days’ past due are excluded from the accompanying statutory-basis statements of admitted assets, liabilities, and capital and surplus and are charged directly to unassigned surplus. Under GAAP, such assets are included in the balance sheet to the extent they are not impaired.

Deferred Income Taxes—Deferred taxes are provided for differences between the tax basis and statutory basis of assets and liabilities. Deferred tax assets (DTAs) are limited to 1) the amount of federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary differences that reverse during a time frame corresponding with the Internal Revenue Service (IRS) tax loss carryback provisions, not to exceed three years; plus 2) the lesser of (i) the remaining gross DTAs expected to be realized in a time frame consistent with NAIC standards or (ii) a percentage of surplus consistent with NAIC standards, excluding any net DTAs, electronic data processing equipment, and operating software; plus 3) the amount of remaining gross DTAs that can be offset against existing gross deferred tax liabilities (DTLs). The remaining DTAs are nonadmitted. The application of Statement of Statutory Accounting Principles (SSAP) No. 101, *Income Taxes*, requires a company to evaluate the recoverability of DTAs and to establish a statutory valuation allowance (SVA) necessary to reduce the DTA to an amount, which is more likely than not to be realized. Deferred taxes do not include amounts for state income taxes. Under GAAP, state income taxes are included in the computation of deferred taxes, a DTA is recorded for the amount of gross DTAs expected to be realized

in future years, and a valuation allowance is established for DTAs that may not be realizable. Changes in admitted DTAs are charged directly to surplus. Under GAAP, these changes in deferred taxes are charged to income.

A reconciliation is completed of net income and statutory net worth of HNE, as determined in accordance with statutory accounting practices to amounts determined in accordance with GAAP. The financial statements of the Company prepared in accordance with GAAP would report a net loss of \$890,102 and \$141,559 for the years ended December 31, 2021 and 2020, respectively, and net assets of \$4,052,660 and \$4,957,932 as of December 31, 2021 and 2020, respectively.

The Company's other statutory accounting practices are as follows:

Use of Estimates—The preparation of statutory-basis financial statements in conformity with accounting practices prescribed by the Commonwealth of Massachusetts Division of Insurance requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statutory-basis financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the health care claims payable. Actual results could differ from those estimates.

Cash and Cash Equivalents—Cash and cash equivalents include amounts on deposit with banks and investments with original maturities of three months or less. Money market mutual funds registered under the Investment Company Act of 1940 (the "Act") and regulated under Rule 2a-7 of the Act are accounted for and reported as cash equivalents.

Premium Revenues and Receivables—Membership contracts are generally on a yearly basis subject to cancellation by the policyholder or the Company upon 30 days' written notice. Premiums are due monthly and are recognized as revenue during the period in which the Company is obligated to provide services to members. Premiums received in advance represent the portion of premiums received for which the Company is not obligated to provide services until a future date.

Health Care Claims Payable and Benefit Costs—The liability for health care claims payable represents management's best estimate of the ultimate net cost of all reported and unreported claims incurred through December 31, 2021 and 2020. Reserves for unpaid claims are estimated using individual case-basis valuations and statistical analyses. Those estimates are subject to the effects of trends in claim severity and frequency. Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid claims are adequate. The estimates are continually reviewed and adjusted as necessary, as experience develops or new information becomes known; such adjustments are included in current operations.

Capitation for primary care services, the cost and claim settlement expense related to pharmacy services, medical expenses for hospital inpatient services, and outpatient specialty care services are recorded in the period in which they are incurred.

Premium Deficiencies—A loss is recognized when it is probable that the expected future health care costs of member groups under existing contracts (including the costs necessary to maintain those contracts) will exceed anticipated future premiums and reinsurance recoveries on those contracts. For purposes of determining if a premium deficiency exists, all policies were determined to be marketed, serviced, and measured in a consistent manner and, therefore, were grouped together. The Company

did not record any premium deficiency reserves as of December 31, 2021 and 2020. The Company does not use anticipated investment income as a factor in the premium deficiency calculation.

Income Taxes—The Company is taxed at regular corporate rates after adjusting income reported for statutory-basis financial statements purposes for certain items as required by applicable tax regulations. Income taxes are accounted for under the asset and liability method. DTAs and DTLs are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. DTAs and DTLs 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. The effect on DTAs and DTLs of a change in tax rates is recognized in income in the period that includes the enactment date. In accordance with SSAP No. 101, admitted DTAs are calculated as the sum of federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary difference that reverse in the time frame consistent with the IRS loss carryback provisions, not to exceed three years; the remaining amount of adjusted gross DTA (as reduced by the SVA) expected to be realized during the “applicable time period” (ranging from zero to three years) not to exceed the “applicable percentage” (ranging from 0% to 15%) of the current-period adjusted statutory surplus as determined by the risk-based capital (RBC) ratio that exists for the Company; and the remaining amount of adjusted gross DTA that can be offset by DTLs.

Impact of the COVID-19 Pandemic—An outbreak of respiratory disease caused by a novel coronavirus was first detected in China in December 2019 and subsequently spread internationally. This coronavirus resulted in closing borders, enhanced health screenings, health care service preparation and delivery, quarantines, cancellations, disruptions to supply chains and customer activity, as well as general concern and uncertainty. It has resulted in substantial market volatility and has caused a significant economic downturn. The impact of this coronavirus has continued through 2021 and remains pertinent as of the date these statutory-basis financial statements were issued.

3. RELATED-PARTY TRANSACTIONS

HIC has transactions in the normal course of business with HNE. HNE pays administrative expenses and is reimbursed by HIC. Expenses paid by HNE on behalf of HIC totaled \$1,136,666 and \$355,853 in 2021 and 2020, respectively. Amounts due from HNE as of December 31, 2021 and 2020, were \$0 and \$64,307, respectively. HIC owed HNE \$328,638 and \$0 as of December 31, 2021 and 2020, respectively.

Due to the significance of the transactions between HIC and HNE, the results of operations of HIC may not be indicative of the results that would have been attained had HIC not been an affiliate of HNE.

4. HEALTH CARE BENEFIT COSTS

Activity in health care claims payable for 2021 and 2020 was as follows:

| | 2021 | 2020 |
|--|--------------------|--------------------|
| Health care claims payable—beginning of year | \$ <u>395,201</u> | \$ <u>440,055</u> |
| Claims incurred: | | |
| Current year | 5,701,354 | 2,607,077 |
| Prior year | <u>(73,602)</u> | <u>5,292</u> |
| | <u>5,627,752</u> | <u>2,612,369</u> |
| Claims paid: | | |
| Current year | (4,775,126) | (2,216,500) |
| Prior year | <u>(313,034)</u> | <u>(441,699)</u> |
| | <u>(5,088,160)</u> | <u>(2,658,199)</u> |
| Increase in health care receivables | <u>3,513</u> | <u>976</u> |
| Health care claims payable—end of year | <u>\$ 938,306</u> | <u>\$ 395,201</u> |

Amounts incurred related to prior years vary from previously estimated liabilities as the claims are ultimately settled. Negative amounts reported for claims incurred related to prior years result from claims being settled for amounts less than originally estimated. The result is primarily attributable to actual medical cost experience developing more favorable than was assumed at the time the liability was established.

5. INCOME TAXES

On December 22, 2017, the Federal Government enacted Public Law 115-97, known informally as the Tax Cuts and Jobs Act (TCJA). The TCJA contains provisions that generally impact tax effects commencing with tax years beginning January 1, 2018. The TCJA includes a broad range of tax law changes, including a reduction in the corporate tax rate to 21%, repeal of the alternative minimum tax, and modifications to the timing and amount of taxable income recognition and allowable deductions. The Company has made its best efforts to quantify the impact of these provisions, as applicable. The Company has accounted for the impact of the corporate tax rate change to 21% with respect to its DTA.

A)

1. Deferred tax assets (DTAs) and deferred tax liabilities (DTLs):

| | Year Ended December 31, 2021 | | | Year Ended December 31, 2020 | | |
|--|------------------------------|-------------|-----------------|------------------------------|-------------|-----------------|
| | Ordinary | Capital | Total | Ordinary | Capital | Total |
| (a) Gross deferred tax assets | \$ 20,768 | \$ - | \$ 20,768 | \$ 19,155 | \$ - | \$ 19,155 |
| (b) Statutory valuation allowance | <u>(20,768)</u> | <u>-</u> | <u>(20,768)</u> | <u>(19,155)</u> | <u>-</u> | <u>(19,155)</u> |
| (c) Adjusted gross deferred tax assets | - | - | - | - | - | - |
| (d) Deferred tax asset nonadmitted | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| (e) Net admitted deferred tax assets | - | - | - | - | - | - |
| (f) Deferred tax liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| (g) Net deferred tax assets | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Valuation allowances are provided when the Company estimates that it is more likely than not that a DTA will not be realized. An SVA of \$20,768 and \$19,155 as of December 31, 2021 and 2020, respectively, has been recorded based on the Company's estimate of future realization of DTAs primarily on historical taxable income and existing DTLs. The change in admitted gross DTAs is as follows:

| | Changes During 2021 | | |
|---|---------------------|-------------|----------------|
| | Ordinary | Capital | Total |
| (a) Change in gross deferred tax assets | \$ 1,613 | \$ - | \$ 1,613 |
| (b) Change in statutory valuation allowance adjustments | <u>(1,613)</u> | <u>-</u> | <u>(1,613)</u> |
| (c) Adjusted gross deferred tax assets | - | - | - |
| (d) Change in deferred tax assets nonadmitted | <u>-</u> | <u>-</u> | <u>-</u> |
| (e) Subtotal change in net admitted deferred tax assets | - | - | - |
| (f) Change in deferred tax liabilities | <u>-</u> | <u>-</u> | <u>-</u> |
| (g) Change in net admitted deferred tax assets | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

2. The admission calculation components are as follows:

The changes to the admissibility components per SSAP No. 101 are as follows:

| | Changes During 2021 | | |
|--|----------------------------|----------------|--------------|
| | Ordinary | Capital | Total |
| (a) Change in federal income taxes paid in prior years recoverable through loss carrybacks | \$ - | \$ - | \$ - |
| (b) Change in adjusted gross deferred tax assets expected to be realized | - | - | - |
| 1) Change in adjusted gross deferred tax assets expected to be realized after balance sheet date | - | - | - |
| 2) Change in adjusted gross deferred tax assets allowed per limitation threshold | (130,570) | - | (130,570) |
| (c) Change in adjusted gross deferred tax assets offset by gross deferred tax liabilities | <u>-</u> | <u>-</u> | <u>-</u> |
| (d) Change in deferred tax assets admitted as a result of the application of SSAP No. 101 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

3. Other admissibility criteria:

| | 2021 | 2020 |
|---|---------------------|---------------------|
| Ratio percentages used to determine recovery period and threshold amount limitation | <u>1,608.2 %</u> | <u>3,442.7 %</u> |
| Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b) above | <u>\$ 4,049,273</u> | <u>\$ 4,919,736</u> |

4. Impact of tax planning strategy: The Company does not currently employ tax-planning strategies to recognize the admission of DTAs.

B) There are no temporary differences for which a DTL has not been established.

C) Current income taxes incurred consist of the following major components:

| | Years Ended | |
|---|---------------------|---------------|
| | December 31, | |
| | 2021 | 2020 |
| Current income tax expense: | | |
| Federal | \$ (176,931) | \$ (26,355) |
| Federal tax on capital gains | - | - |
| Utilization of capital loss carryforwards | <u>176,931</u> | <u>26,355</u> |
| Federal income taxes incurred | <u>\$ -</u> | <u>\$ -</u> |

The tax effects of temporary differences that give rise to significant portions of the DTAs and DTLs are as follows:

| | 2021 | 2020 | Change | Character |
|--|-----------------|-----------------|----------------|-----------|
| Deferred tax assets: | | | | |
| Discounting of unpaid losses | \$ 2,855 | \$ 1,202 | \$ 1,653 | Ordinary |
| Unearned premium reserve | 12,513 | 7,133 | 5,380 | Ordinary |
| Accrued miscellaneous | 1,780 | 2,580 | (800) | Ordinary |
| Receivables—nonadmitted | <u>3,620</u> | <u>8,240</u> | <u>(4,620)</u> | Ordinary |
| Subtotal | 20,768 | 19,155 | 1,613 | |
| Statutory valuation allowance adjustment | <u>(20,768)</u> | <u>(19,155)</u> | <u>(1,613)</u> | |
| Nonadmitted assets | <u>-</u> | <u>-</u> | <u>-</u> | |
| Admitted deferred tax assets | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | |
| Total deferred tax liabilities | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | |
| Net admitted deferred tax assets | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | |

The change in net deferred income taxes is composed of the following:

| | <u>Years Ended December 31,</u> | | |
|--|---------------------------------|-----------------|----------------|
| | <u>2021</u> | <u>2020</u> | <u>Change</u> |
| Total deferred tax asset | \$ 20,768 | \$ 19,155 | \$ 1,613 |
| Total deferred tax liability | <u>-</u> | <u>-</u> | <u>-</u> |
| Net deferred tax asset (liability) | 20,768 | 19,155 | 1,613 |
| Statutory valuation allowance | <u>(20,768)</u> | <u>(19,155)</u> | <u>(1,613)</u> |
| Net deferred tax asset after valuation allowance | - | - | - |
| Less effect of unrealized gains (losses) | <u>-</u> | <u>-</u> | <u>-</u> |
| Change in net deferred income tax | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

- D) The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

| | December 31, 2021 | | |
|---|--------------------------|--------------------------|----------------|
| | Amount | Tax Effect | Rate |
| Provision computed at statutory rate | \$ (875,566) | \$ (183,869) | 21.00 % |
| Change—other | - | 705 | (0.08) |
| Change in statutory valuation allowance | - | 1,613 | (0.18) |
| Change in nonadmitted assets | - | 4,620 | (0.53) |
| | <u>-</u> | <u>4,620</u> | <u>(0.53)</u> |
| Total | <u>\$ (875,566)</u> | <u>\$ (176,931)</u> | <u>20.21 %</u> |
| Current federal income taxes incurred | | \$ (176,931) | 20.21 % |
| Change in net deferred income taxes | | <u>-</u> | <u>-</u> |
| Subtotal statutory income taxes | | (176,931) | <u>20.21 %</u> |
| NOL carryforward allocation to parent | | <u>176,931</u> | |
| Total statutory income taxes | | <u>\$ -</u> | |
| | | December 31, 2020 | |
| | Amount | Tax Effect | Rate |
| Provision computed at statutory rate | \$ (146,376) | \$ (30,739) | 21.00 % |
| Change—other | - | (519) | 0.35 |
| Change in statutory valuation allowance | - | 4,860 | (3.32) |
| Change in nonadmitted assets | - | 43 | (0.03) |
| | <u>-</u> | <u>43</u> | <u>(0.03)</u> |
| Total | <u>\$ (146,376)</u> | <u>\$ (26,355)</u> | <u>18.00 %</u> |
| Current federal income taxes incurred | | \$ (26,355) | 18.00 % |
| Change in net deferred income taxes | | <u>-</u> | <u>-</u> |
| Subtotal statutory income taxes | | (26,355) | <u>18.00 %</u> |
| NOL carryforward allocation to parent | | <u>26,355</u> | |
| Total statutory income taxes | | <u>\$ -</u> | |

The Company has no net operating loss carryforwards at December 31, 2021 and 2020. The Company has no net capital loss carryforwards at December 31, 2021 and 2020. The Company has no ordinary or capital federal income taxes incurred in prior periods available to recoup in the event of future net losses. The Company has no protective tax deposits.

As of December 31, 2021 and 2020, the Company held no tax contingencies in accordance with SSAP No. 5R, *Liabilities, Contingencies, and Impairments of Assets*. As of December 31, 2021 and 2020, there were no positions for which management believes it is reasonably possible that the total amount of tax contingencies will significantly increase or decrease within 12 months of the reporting date. The Company's open tax years are 2017 through 2021.

6. CONTINGENCIES

HIC is involved in legal proceedings in the ordinary course of business. In the opinion of management, there are no matters pending against or involving HIC whose outcome is likely to have a material adverse effect on the statutory-basis financial position, operating results, or cash flows of HIC.

7. MINIMUM SURPLUS REQUIREMENTS UNDER COMMONWEALTH OF MASSACHUSETTS LAW

In accordance with insurance laws and regulations established by the Commonwealth of Massachusetts, the Company is required to maintain a minimum surplus of \$2,800,000. As of December 31, 2021 and 2020, the minimum surplus requirement had been satisfied.

8. NAIC MODEL REGULATION

The Managed Care Organization Risk-Based Capital Model Regulation (the "Model Regulation") was adopted by the NAIC in December 1997 to establish benchmarks for minimum levels of statutory RBC. The Model Regulation prescribes specific actions that insurance departments should take (i.e., action levels) when certain RBC thresholds are not met. Calculation of RBC in accordance with the Model Regulation RBC formula is required in connection with the annual statutory filing. HIC's statutory capital at December 31, 2021 and 2020, was above the Company action level as established by the Model Regulation.

9. SUBSEQUENT EVENTS

The Company has evaluated events and transactions subsequent to December 31, 2021, through April 29, 2022, the date the statutory-basis financial statements were available for issuance, and has determined that there were no material events or transactions, which require adjustments to or disclosures in the statutory-basis financial statements.

* * * * *

SUPPLEMENTARY INFORMATION



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INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
HNE Insurance Company, Inc.
Springfield, Massachusetts

Report on Supplemental Schedule of Investment Risks Interrogatories and Summary Investment Schedule

Our 2021 audit was conducted for the purpose of forming an opinion on the 2021 statutory-basis financial statements as a whole. The supplemental schedule of investment risks interrogatories and the summary investment schedule as of December 31, 2021, are presented for purposes of additional analysis and are not a required part of the 2021 statutory-basis financial statements. These schedules are the responsibility of HNE Insurance Company, Inc.'s (the "Company") management, and were derived from and relate directly to the underlying accounting and other records used to prepare the statutory-basis financial statements. Such schedules have been subjected to the auditing procedures applied in our audit of the 2021 statutory-basis financial statements and certain additional procedures, including comparing and reconciling such schedules directly to the underlying accounting and other records used to prepare the statutory-basis financial statements or to the statutory-basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such schedules are fairly stated in all material respects in relation to the 2021 statutory-basis financial statements as a whole.

Restriction on Use

Our report is intended solely for the information and use of the Board of Directors and the management of the Company and for filing with state insurance departments to whose jurisdiction the Company is subject to and is not intended to be, and should not be, used by anyone other than these specified parties.

Deloitte + Touche LLP

April 29, 2022

HNE INSURANCE COMPANY, INC.

SUPPLEMENTAL INVESTMENT DISCLOSURES AS OF DECEMBER 31, 2021

Investment Risks Interrogatories—HNE Insurance Company, Inc.’s (the “Company”) total admitted assets as reported on page three of its annual statement is \$5,670,236.

1. Following are the 10 largest exposures to a single issuer/borrower/investment, by investment category, excluding: (i) US government, US government agency securities, and those US government money market funds listed in the Appendix to the Securities Valuation Office’s *Practices and Procedures Manual* as exempt and (ii) property occupied by the Company:

| Issuer | Statement Value | Percentage of Total Admitted Assets |
|--------|-----------------|-------------------------------------|
| N/A | \$ - | - % |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| Total | <u>\$ -</u> | <u>- %</u> |

2. The Company’s total admitted assets held in bonds and preferred stock, by National Association of Insurance Commissioners (NAIC) rating, are as follows:

| Bonds | | | Preferred Stock | | |
|-------------|-------------|-------------------------------------|-----------------|-------------|-------------------------------------|
| NAIC Rating | Amount | Percentage of Total Admitted Assets | NAIC Rating | Amount | Percentage of Total Admitted Assets |
| NAIC-1 | \$ - | - % | P/PSF-1 | \$ - | - % |
| NAIC-2 | - | - | P/PSF-2 | - | - |
| NAIC-3 | - | - | P/PSF-3 | - | - |
| NAIC-4 | - | - | P/PSF-4 | - | - |
| NAIC-5 | - | - | P/PSF-5 | - | - |
| NAIC-6 | - | - | P/PSF-6 | - | - |
| | <u>\$ -</u> | | | <u>\$ -</u> | |

3. Assets held in foreign investments are 0% of the Company's total admitted assets at December 31, 2021.
4. Assets held in Canadian investments are 0% of the Company's total admitted assets at December 31, 2021.
5. Assets held in investments with contractual sales restrictions are 0% of the Company's total admitted assets at December 31, 2021.
6. Assets held in equity interests are 0% of the Company's total admitted assets at December 31, 2021.
7. Assets held in nonaffiliated, privately placed equities are 0% of the Company's total admitted assets at December 31, 2021.
8. Assets held in general partnership interests are 0% of the Company's total admitted assets at December 31, 2021.
9. The Company does not maintain any mortgage loans.
10. The Company does not maintain any real estate investments.
11. The Company's total admitted assets are not subject to the types of agreements enumerated in NAIC interrogatory number 20.
12. The Company's total admitted assets are not subject to warrants.
13. The Company's total admitted assets are not subject to hedging or income generation.
14. \$0 of the Company's total admitted assets are subject to futures contracts.
15. The category "Assets Held in Other Invested Assets" of \$0 comprises 0% of the Company's admitted assets.

HNE INSURANCE COMPANY, INC.

SUPPLEMENTAL INVESTMENT DISCLOSURES SUMMARY INVESTMENT SCHEDULE AS OF DECEMBER 31, 2021

| Investment Categories | Gross Investment Holdings* | | Admitted Assets as Reported in the Annual Statement | |
|---------------------------|----------------------------|---|---|--|
| | Amount | Percentage of Gross Investment Holdings | Amount | Percentage of Admitted Invested Assets |
| Cash and cash equivalents | <u>\$ 5,642,175</u> | <u>100 %</u> | <u>\$ 5,642,175</u> | <u>100 %</u> |
| Total invested assets | <u>\$ 5,642,175</u> | <u>100 %</u> | <u>\$ 5,642,175</u> | <u>100 %</u> |

* Gross investment holdings as valued in compliance with the NAIC Accounting Practices and Procedures Manual for Statutory Accounting Principles.

HNE INSURANCE COMPANY, INC.

NOTE TO SUPPLEMENTAL INVESTMENT DISCLOSURES AS OF DECEMBER 31, 2021

BASIS OF PRESENTATION

The accompanying supplemental schedules present selected investment disclosures as of December 31, 2021, for purposes of complying with the National Association of Insurance Commissioners' *Accounting Practices and Procedures Manual* and agree to or are included in the amounts reported in the Company's 2021 statutory annual statement as filed with the Commonwealth of Massachusetts Division of Insurance.

HNE Insurance Company, Inc.

Statutory-Basis Financial Statements as of and for
the Years Ended December 31, 2022 and 2021,
Supplementary Information as of December 31,
2022, and Independent Auditor's Reports

HNE INSURANCE COMPANY, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
HNE Insurance Company, Inc.
Springfield, Massachusetts

Opinions

We have audited the statutory-basis financial statements of HNE Insurance Company, Inc. (the "Company"), which comprise the statutory-basis statements of admitted assets, liabilities, and capital and surplus as of December 31, 2022 and 2021, and the related statutory-basis statements of income, changes in capital and surplus, and cash flows for the years then ended, and the related notes to the statutory-basis financial statements (collectively, the "statutory-basis financial statements").

Unmodified Opinion on Statutory-Basis of Accounting

In our opinion, the accompanying statutory-basis financial statements present fairly, in all material respects, the admitted assets, liabilities, and capital and surplus of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with the accounting practices prescribed or permitted by the Massachusetts Division of Insurance described in Note 2.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America section of our report, the statutory-basis financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2022 and 2021, or the results of its operations or its cash flows for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Statutory-Basis 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in Note 2 to the statutory-basis financial statements, the statutory-basis financial statements are prepared by the Company using the accounting practices prescribed or permitted by the Massachusetts Division of Insurance, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Massachusetts Division of Insurance. The effects on the statutory-basis financial statements of the variances between the statutory-basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As described in Note 3, the Company is a member of a controlled group of affiliated companies; as such its results may not be indicative of those of a stand-alone entity. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Statutory-Basis Financial Statements

Management is responsible for the preparation and fair presentation of the statutory-basis financial statements in accordance with the accounting practices prescribed or permitted by the Massachusetts Division of Insurance. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of statutory-basis financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the statutory-basis 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 that the statutory-basis financial statements are issued.

Auditor's Responsibilities for the Audit of the Statutory-Basis Financial Statements

Our objectives are to obtain reasonable assurance about whether the statutory-basis financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 statutory-basis financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the statutory-basis 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 statutory-basis 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 statutory-basis 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.

Restriction on Use

Our report is intended solely for the information and use of the Board of Directors and the management of the Company and for filing with state insurance departments to whose jurisdiction the Company is subject to and is not intended to be, and should not be, used by anyone other than these specified parties.

Deloitte + Touche LLP

April 26, 2023

HNE INSURANCE COMPANY, INC.

STATUTORY-BASIS STATEMENTS OF ADMITTED ASSETS, LIABILITIES, AND CAPITAL AND SURPLUS AS OF DECEMBER 31, 2022 AND 2021

| | 2022 | 2021 |
|---|---------------------|---------------------|
| ADMITTED ASSETS | | |
| INVESTED ASSETS—Cash and cash equivalents | <u>\$ 4,985,310</u> | <u>\$ 5,642,175</u> |
| RECEIVABLES: | | |
| Premiums receivable | 23,183 | 23,499 |
| Health care and other receivables | 98,147 | 3,166 |
| Current federal and foreign income tax recoverable | <u>1,396</u> | <u>1,396</u> |
| Total receivables | <u>122,726</u> | <u>28,061</u> |
| TOTAL ADMITTED ASSETS | <u>\$ 5,108,036</u> | <u>\$ 5,670,236</u> |
| | | |
| LIABILITIES AND CAPITAL AND SURPLUS | | |
| LIABILITIES: | | |
| Health care claims payable | \$ 1,209,915 | \$ 938,306 |
| Unpaid claims adjustment expenses | 27,730 | 21,734 |
| Premiums received in advance | 377,569 | 297,923 |
| Payable to affiliates | 138,636 | 328,638 |
| Accrued expenses and other liabilities | <u>138,762</u> | <u>34,362</u> |
| Total liabilities | <u>1,892,612</u> | <u>1,620,963</u> |
| CAPITAL AND SURPLUS: | | |
| Common stock, \$20 par value—275,000 shares authorized; 100,000 shares issued and outstanding in 2022 and 2021 | 2,000,000 | 2,000,000 |
| Additional paid-in capital | 4,400,000 | 3,000,000 |
| Unassigned loss | <u>(3,184,576)</u> | <u>(950,727)</u> |
| Total capital and surplus | <u>3,215,424</u> | <u>4,049,273</u> |
| TOTAL LIABILITIES AND CAPITAL AND SURPLUS | <u>\$ 5,108,036</u> | <u>\$ 5,670,236</u> |

See notes to statutory-basis financial statements.

HNE INSURANCE COMPANY, INC.

STATUTORY-BASIS STATEMENTS OF REVENUES AND EXPENSES FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

| | 2022 | 2021 |
|--|-----------------------|---------------------|
| NET PREMIUM INCOME | <u>\$ 10,016,725</u> | <u>\$ 5,947,268</u> |
| EXPENSES: | | |
| Health care benefit costs | 10,526,028 | 5,627,752 |
| Claims adjustment expenses | 132,224 | 87,334 |
| General and administrative | <u>1,606,572</u> | <u>1,124,643</u> |
| Total expenses | <u>12,264,824</u> | <u>6,839,729</u> |
| NET UNDERWRITING LOSS | (2,248,099) | (892,461) |
| NET INVESTMENT INCOME—Including net realized gain of \$0 and \$0 in 2022 and 2021, respectively | <u>20,120</u> | <u>-</u> |
| NET LOSS | <u>\$ (2,227,979)</u> | <u>\$ (892,461)</u> |

See notes to statutory-basis financial statements.

HNE INSURANCE COMPANY, INC.

STATUTORY-BASIS STATEMENTS OF CHANGES IN CAPITAL AND SURPLUS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

| | Common Stock | | Additional Paid-In Capital | Unassigned Surplus (Loss) | Total Capital and Surplus |
|------------------------------|----------------|--------------------|----------------------------------|------------------------------|---------------------------------|
| | Shares | Amount | | | |
| BALANCE—January 1, 2021 | 100,000 | \$2,000,000 | \$3,000,000 | \$ (80,264) | \$4,919,736 |
| Net loss | - | - | - | (892,461) | (892,461) |
| Change in nonadmitted assets | <u>-</u> | <u>-</u> | <u>-</u> | <u>21,998</u> | <u>21,998</u> |
| BALANCE—December 31, 2021 | 100,000 | 2,000,000 | 3,000,000 | (950,727) | 4,049,273 |
| Capital contribution | - | - | 1,400,000 | - | 1,400,000 |
| Net loss | - | - | - | (2,227,979) | (2,227,979) |
| Change in nonadmitted assets | <u>-</u> | <u>-</u> | <u>-</u> | <u>(5,870)</u> | <u>(5,870)</u> |
| BALANCE—December 31, 2022 | <u>100,000</u> | <u>\$2,000,000</u> | <u>\$4,400,000</u> | <u>\$(3,184,576)</u> | <u>\$3,215,424</u> |

See notes to statutory-basis financial statements.

HNE INSURANCE COMPANY, INC.

STATUTORY-BASIS STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

| | 2022 | 2021 |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Premiums collected | \$ 10,104,372 | \$ 6,094,243 |
| Benefit and loss-related payments | (10,362,954) | (5,088,160) |
| Net investment income received | 20,120 | - |
| Commissions and expenses paid | (1,628,402) | (1,180,761) |
| Federal income taxes refunded (paid) | <u>-</u> | <u>4,104</u> |
| Net cash used in operating activities | <u>(1,866,864)</u> | <u>(170,574)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Capital contribution | 1,400,000 | - |
| Other cash provided (applied) | <u>(190,001)</u> | <u>392,945</u> |
| Net cash provided by financing activities | <u>1,209,999</u> | <u>392,945</u> |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (656,865) | 222,371 |
| CASH AND CASH EQUIVALENTS—Beginning of year | <u>5,642,175</u> | <u>5,419,804</u> |
| CASH AND CASH EQUIVALENTS—End of year | <u>\$ 4,985,310</u> | <u>\$ 5,642,175</u> |

See notes to statutory-basis financial statements.

HNE INSURANCE COMPANY, INC.

NOTES TO STATUTORY-BASIS FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

1. ORGANIZATION AND NATURE OF BUSINESS

HNE Insurance Company, Inc. (HIC or the “Company”) provides prepaid health insurance coverage for Medicare supplement medical services, primarily in western Massachusetts. Medical services are provided through contracts with physicians, established primary care and multispecialty provider groups, hospitals, and other health care providers. HIC commenced operations in 2012 and began underwriting policies in 2013. HIC is organized as a for-profit taxable organization.

The Company is a wholly owned subsidiary of HNE Holding Corporation, which is a wholly owned subsidiary of Health New England, Inc. (HNE). HNE provides administrative services on behalf of the Company subject to the terms of the administrative agreement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The accompanying statutory-basis financial statements of the Company have been prepared in accordance with the accounting practices prescribed or permitted by the Commonwealth of Massachusetts Division of Insurance, which are designed primarily to demonstrate the ability to meet claims of policyholders. The Commonwealth of Massachusetts Division of Insurance has adopted the National Association of Insurance Commissioners (NAIC) Accounting Practices and Procedures Manual for Statutory Accounting Principles (NAIC SAP), with certain modifications as the basis of its statutory accounting practices. These modifications were not material and had no effect on statutory surplus. NAIC SAP does differ from the accounting principles generally accepted in the United States of America (GAAP).

The significant variances from GAAP are as follows:

Nonadmitted Assets—Certain assets designated as “nonadmitted,” including deferred taxes, prepaid items, certain health care receivables, and receivables more than 90 days’ past due are excluded from the accompanying statutory-basis statements of admitted assets, liabilities, and capital and surplus and are charged directly to unassigned surplus. Under GAAP, such assets are included in the balance sheet to the extent they are not impaired.

Deferred Income Taxes—Deferred taxes are provided for differences between the tax basis and statutory basis of assets and liabilities. Deferred tax assets (DTAs) are limited to 1) the amount of federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary differences that reverse during a time frame corresponding with the Internal Revenue Service (IRS) tax loss carryback provisions, not to exceed three years; plus 2) the lesser of (i) the remaining gross DTAs expected to be realized in a time frame consistent with NAIC standards or (ii) a percentage of surplus consistent with NAIC standards, excluding any net DTAs, electronic data processing equipment, and operating software; plus 3) the amount of remaining gross DTAs that can be offset against existing gross deferred tax liabilities (DTLs). The remaining DTAs are nonadmitted. The application of Statement of Statutory Accounting Principles (SSAP) No. 101, *Income Taxes*, requires a company to evaluate the recoverability of DTAs and to establish a statutory valuation allowance (SVA) necessary to reduce the DTA to an amount, which is more likely than not to be realized. Deferred taxes

do not include amounts for state income taxes. Under GAAP, state income taxes are included in the computation of deferred taxes, a DTA is recorded for the amount of gross DTAs expected to be realized in future years, and a valuation allowance is established for DTAs that may not be realizable. Changes in admitted DTAs are charged directly to surplus. Under GAAP, these changes in deferred taxes are charged to income.

A reconciliation is completed of net income and statutory net worth of HNE, as determined in accordance with statutory accounting practices to amounts determined in accordance with GAAP. The financial statements of the Company prepared in accordance with GAAP would report a net loss of \$2,246,415 and \$890,102 for the years ended December 31, 2022 and 2021, respectively, and net assets of \$3,207,236 and \$4,052,660 as of December 31, 2022 and 2021, respectively.

The Company's other statutory accounting practices are as follows:

Use of Estimates—The preparation of statutory-basis financial statements in conformity with accounting practices prescribed by the Commonwealth of Massachusetts Division of Insurance requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statutory-basis financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the health care claims payable. Actual results could differ from those estimates.

Cash and Cash Equivalents—Cash and cash equivalents include amounts on deposit with banks and investments with original maturities of three months or less. Money market mutual funds registered under the Investment Company Act of 1940 (the "Act") and regulated under Rule 2a-7 of the Act are accounted for and reported as cash equivalents.

Premium Revenues and Receivables—Membership contracts are generally on a yearly basis subject to cancellation by the policyholder or the Company upon 30 days' written notice. Premiums are due monthly and are recognized as revenue during the period in which the Company is obligated to provide services to members. Premiums received in advance represent the portion of premiums received for which the Company is not obligated to provide services until a future date.

Health Care Claims Payable and Benefit Costs—The liability for health care claims payable represents management's best estimate of the ultimate net cost of all reported and unreported claims incurred through December 31, 2022 and 2021. Reserves for unpaid claims are estimated using individual case-basis valuations and statistical analyses. Those estimates are subject to the effects of trends in claim severity and frequency. Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid claims are adequate. The estimates are continually reviewed and adjusted, as necessary, as experience develops or new information becomes known; such adjustments are included in current operations.

Capitation for primary care services, the cost and claim settlement expense related to pharmacy services, medical expenses for hospital inpatient services, and outpatient specialty care services are recorded in the period in which they are incurred.

Premium Deficiencies—A loss is recognized when it is probable that the expected future health care costs of member groups under existing contracts (including the costs necessary to maintain those contracts) will exceed anticipated future premiums and reinsurance recoveries on those contracts. For purposes of determining if a premium deficiency exists, all policies were determined to be marketed,

serviced, and measured in a consistent manner and, therefore, were grouped together. The Company did not record any premium deficiency reserves as of December 31, 2022 and 2021. The Company does not use anticipated investment income as a factor in the premium deficiency calculation.

Income Taxes—The Company is taxed at regular corporate rates after adjusting income reported for statutory-basis financial statements purposes for certain items as required by applicable tax regulations. Income taxes are accounted for under the asset and liability method. DTAs and DTLs are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. DTAs and DTLs 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. The effect on DTAs and DTLs of a change in tax rates is recognized in income in the period that includes the enactment date. In accordance with SSAP No. 101, admitted DTAs are calculated as the sum of federal income taxes paid in prior years that can be recovered through loss carrybacks for existing temporary difference that reverse in the time frame consistent with the IRS loss carryback provisions, not to exceed three years; the remaining amount of adjusted gross DTA (as reduced by the SVA) expected to be realized during the “applicable time period” (ranging from zero to three years) not to exceed the “applicable percentage” (ranging from 0% to 15%) of the current-period adjusted statutory surplus as determined by the risk-based capital (RBC) ratio that exists for the Company; and the remaining amount of adjusted gross DTA that can be offset by DTLs.

Impact of the COVID-19 Pandemic—An outbreak of respiratory disease caused by a novel coronavirus was first detected in China in December 2019 and subsequently spread internationally. This coronavirus resulted in closing borders, enhanced health screenings, health care service preparation and delivery, quarantines, cancellations, disruptions to supply chains and customer activity, as well as general concern and uncertainty. It has resulted in substantial market volatility and has caused a significant economic downturn. The impact of this coronavirus has continued through 2022 and remains pertinent as of the date these statutory-basis financial statements were issued.

3. RELATED-PARTY TRANSACTIONS

HNE provides administrative services on behalf of HIC subject to the terms of the administrative agreement. The fees incurred under this agreement were \$596,806 and \$354,631 in 2022 and 2021, respectively. HIC owed HNE \$138,636 and \$328,638 as of December 31, 2022 and 2021, respectively.

For the year ended December 31, 2022, HIC recorded \$1,400,000 in capital contributions received from its parent, HNE Holding Corporation.

The Company is a member of a controlled group of affiliated companies and the results are not necessarily what would be reflected as a stand-alone entity.

4. HEALTH CARE BENEFIT COSTS

Activity in health care claims payable for 2022 and 2021 was as follows:

| | 2022 | 2021 |
|--|---------------------|--------------------|
| Health care claims payable—beginning of year | \$ <u>938,306</u> | \$ <u>395,201</u> |
| Claims incurred: | | |
| Current year | 10,743,182 | 5,701,354 |
| Prior year | <u>(217,154)</u> | <u>(73,602)</u> |
| | <u>10,526,028</u> | <u>5,627,752</u> |
| Claims paid: | | |
| Current year | (9,657,686) | (4,775,126) |
| Prior year | <u>(705,268)</u> | <u>(313,034)</u> |
| | <u>(10,362,954)</u> | <u>(5,088,160)</u> |
| Increase in health care receivables | <u>108,535</u> | <u>3,513</u> |
| Health care claims payable—end of year | <u>\$ 1,209,915</u> | <u>\$ 938,306</u> |

Amounts incurred related to prior years vary from previously estimated liabilities as the claims are ultimately settled. Negative amounts reported for claims incurred related to prior-year result from claims being settled for amounts less than originally estimated. The result is primarily attributable to actual medical cost experience developing more favorable than was assumed at the time the liability was established.

5. INCOME TAXES

On December 22, 2017, the Federal Government enacted Public Law 115-97, known informally as the Tax Cuts and Jobs Act (TCJA). The TCJA contains provisions that generally impact tax effects commencing with tax years beginning January 1, 2018. The TCJA includes a broad range of tax law changes, including a reduction in the corporate tax rate to 21%, repeal of the alternative minimum tax, and modifications to the timing and amount of taxable income recognition and allowable deductions. The Company has made its best efforts to quantify the impact of these provisions, as applicable. The Company has accounted for the impact of the corporate tax rate change to 21% with respect to its DTA.

A)

1. DTAs and DTLs:

| | Year Ended December 31, 2022 | | | Year Ended December 31, 2021 | | |
|--|------------------------------|-------------|-----------------|------------------------------|-------------|-----------------|
| | Ordinary | Capital | Total | Ordinary | Capital | Total |
| (a) Gross deferred tax assets | \$ 26,992 | \$ - | \$ 26,992 | \$ 20,768 | \$ - | \$ 20,768 |
| (b) Statutory valuation allowance | <u>(26,992)</u> | <u>-</u> | <u>(26,992)</u> | <u>(20,768)</u> | <u>-</u> | <u>(20,768)</u> |
| (c) Adjusted gross deferred tax assets | - | - | - | - | - | - |
| (d) Deferred tax asset nonadmitted | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| (e) Net admitted deferred tax assets | - | - | - | - | - | - |
| (f) Deferred tax liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| (g) Net deferred tax assets | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Valuation allowances are provided when the Company estimates that it is more likely than not that a DTA will not be realized. An SVA of \$26,992 and \$20,768 as of December 31, 2022 and 2021, respectively, has been recorded based on the Company's estimate of future realization of DTAs primarily on historical taxable income and existing DTLs. The change in admitted gross DTAs is as follows:

| | Changes During 2022 | | |
|---|---------------------|-------------|----------------|
| | Ordinary | Capital | Total |
| (a) Change in gross deferred tax assets | \$ 6,224 | \$ - | \$ 6,224 |
| (b) Change in statutory valuation allowance adjustments | <u>(6,224)</u> | <u>-</u> | <u>(6,224)</u> |
| (c) Adjusted gross deferred tax assets | - | - | - |
| (d) Change in deferred tax assets nonadmitted | <u>-</u> | <u>-</u> | <u>-</u> |
| (e) Subtotal change in net admitted deferred tax assets | - | - | - |
| (f) Change in deferred tax liabilities | <u>-</u> | <u>-</u> | <u>-</u> |
| (g) Change in net admitted deferred tax assets | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

2. The admission calculation components are as follows:

The changes to the admissibility components per SSAP No. 101 are as follows:

| | Changes During 2022 | | |
|--|----------------------------|----------------|--------------|
| | Ordinary | Capital | Total |
| (a) Change in federal income taxes paid in prior years recoverable through loss carrybacks | \$ - | \$ - | \$ - |
| (b) Change in adjusted gross deferred tax assets expected to be realized | - | - | - |
| 1) Change in adjusted gross deferred tax assets expected to be realized after balance sheet date | - | - | - |
| 2) Change in adjusted gross deferred tax assets allowed per limitation threshold | - | - | - |
| (c) Change in adjusted gross deferred tax assets offset by gross deferred tax liabilities | - | - | - |
| (d) Change in deferred tax assets admitted as a result of the application of SSAP No. 101 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

3. Other admissibility criteria:

| | 2022 | 2021 |
|---|---------------------|---------------------|
| Ratio percentages used to determine recovery period and threshold amount limitation | <u>894.1 %</u> | <u>1,608.2 %</u> |
| Amount of adjusted capital and surplus used to determine recovery period and threshold limitation in 2(b) above | <u>\$ 3,215,424</u> | <u>\$ 4,049,273</u> |

4. Impact of tax planning strategy: The Company does not currently employ tax planning strategies to recognize the admission of DTAs.

B) There are no temporary differences for which a DTL has not been established.

C) Current income taxes incurred consist of the following major components:

| | Years Ended December 31, | |
|---|-------------------------------------|----------------|
| | 2022 | 2021 |
| Current income tax expense: | | |
| Federal | \$ (467,725) | \$ (176,931) |
| Federal tax on capital gains | - | - |
| Utilization of capital loss carryforwards | <u>467,725</u> | <u>176,931</u> |
| Federal income taxes incurred | <u>\$ -</u> | <u>\$ -</u> |

The tax effects of temporary differences that give rise to significant portions of the DTAs and DTLs are as follows:

| | 2022 | 2021 | Change | Character |
|--|-----------------|-----------------|----------------|------------------|
| Deferred tax assets: | | | | |
| Discounting of unpaid losses | \$ 3,522 | \$ 2,855 | \$ 667 | Ordinary |
| Unearned premium reserve | 15,858 | 12,513 | 3,345 | Ordinary |
| Accrued miscellaneous | 4,091 | 1,780 | 2,311 | Ordinary |
| Receivables—nonadmitted | <u>3,521</u> | <u>3,620</u> | <u>(99)</u> | Ordinary |
| Subtotal | 26,992 | 20,768 | 6,224 | |
| Statutory valuation allowance adjustment | <u>(26,992)</u> | <u>(20,768)</u> | <u>(6,224)</u> | |
| Nonadmitted assets | <u>-</u> | <u>-</u> | <u>-</u> | |
| Admitted deferred tax assets | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | |
| Total deferred tax liabilities | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | |
| Net admitted deferred tax assets | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | |

The change in net deferred income taxes is composed of the following:

| | Years Ended December 31, | | |
|--|---------------------------------|-----------------|----------------|
| | 2022 | 2021 | Change |
| Total deferred tax asset | \$ 26,992 | \$ 20,768 | \$ 6,224 |
| Total deferred tax liability | <u>-</u> | <u>-</u> | <u>-</u> |
| Net deferred tax asset (liability) | 26,992 | 20,768 | 6,224 |
| Statutory valuation allowance | <u>(26,992)</u> | <u>(20,768)</u> | <u>(6,224)</u> |
| Net deferred tax asset after valuation allowance | - | - | - |
| Less effect of unrealized gains (losses) | <u>-</u> | <u>-</u> | <u>-</u> |
| Change in net deferred income tax | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

- D) The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

| | December 31, 2022 | | |
|---|-----------------------------|-----------------------------|-------------------------------|
| | Amount | Tax Effect | Rate |
| Provision computed at statutory rate | \$ (2,246,513) | \$ (471,768) | 21.00 % |
| Change—other | - | (2,280) | 0.10 % |
| Change in statutory valuation allowance | - | 6,224 | (0.28)% |
| Change in nonadmitted assets | - | 99 | (0.00)% |
| | <u> </u> | <u> </u> | <u> </u> |
| Total | <u>\$ (2,246,513)</u> | <u>\$ (467,725)</u> | <u>20.82 %</u> |
| Current federal income taxes incurred | | \$ (467,725) | 20.82 % |
| Change in net deferred income taxes | | <u> </u> | <u> </u> % |
| Subtotal statutory income taxes | | (467,725) | <u>20.82 %</u> |
| NOL carryforward allocation to parent | | <u>467,725</u> | |
| Total statutory income taxes | | <u>\$ -</u> | |
| | | <u> </u> | |
| | December 31, 2021 | | |
| | Amount | Tax Effect | Rate |
| Provision computed at statutory rate | \$ (875,566) | \$ (183,869) | 21.00 % |
| Change—other | - | 705 | (0.08) |
| Change in statutory valuation allowance | - | 1,613 | (0.18) |
| Change in nonadmitted assets | - | 4,620 | (0.53) |
| | <u> </u> | <u> </u> | <u> </u> |
| Total | <u>\$ (875,566)</u> | <u>\$ (176,931)</u> | <u>20.21 %</u> |
| Current federal income taxes incurred | | \$ (176,931) | 20.21 % |
| Change in net deferred income taxes | | <u> </u> | <u> </u> % |
| Subtotal statutory income taxes | | (176,931) | <u>20.21 %</u> |
| NOL carryforward allocation to parent | | <u>176,931</u> | |
| Total statutory income taxes | | <u>\$ -</u> | |
| | | <u> </u> | |

The Company has no net operating loss carryforwards at December 31, 2022 and 2021. The Company has no net capital loss carryforwards at December 31, 2022 and 2021. The Company has no ordinary or capital federal income taxes incurred in prior periods available to recoup in the event of future net losses. The Company has no protective tax deposits.

As of December 31, 2022 and 2021, the Company held no tax contingencies in accordance with SSAP No. 5R, *Liabilities, Contingencies, and Impairments of Assets*. As of December 31, 2022 and 2021, there were no positions for which management believes it is reasonably possible that the total amount of tax contingencies will significantly increase or decrease within 12 months of the reporting date. The Company's open tax years are 2017 through 2022.

6. CONTINGENCIES

HIC is involved in legal proceedings in the ordinary course of business. In the opinion of management, there are no matters pending against or involving HIC whose outcome is likely to have a material adverse effect on the statutory-basis financial position, operating results, or cash flows of HIC.

7. MINIMUM SURPLUS REQUIREMENTS UNDER COMMONWEALTH OF MASSACHUSETTS LAW

In accordance with insurance laws and regulations established by the Commonwealth of Massachusetts, the Company is required to maintain a minimum surplus of \$2,800,000. As of December 31, 2022 and 2021, the minimum surplus requirement had been satisfied.

8. NAIC MODEL REGULATION

The Managed Care Organization Risk-Based Capital Model Regulation (the "Model Regulation") was adopted by the NAIC in December 1997 to establish benchmarks for minimum levels of statutory RBC. The Model Regulation prescribes specific actions that insurance departments should take (i.e., action levels) when certain RBC thresholds are not met. Calculation of RBC in accordance with the Model Regulation RBC formula is required in connection with the annual statutory filing. HIC's statutory capital at December 31, 2022 and 2021, was above the Company action level as established by the Model Regulation.

9. SUBSEQUENT EVENTS

The Company has evaluated events and transactions subsequent to December 31, 2022, through April 26, 2023, the date the statutory-basis financial statements were available for issuance, and has determined that there were no material events or transactions that require adjustments to or disclosures in the statutory-basis financial statements.

* * * * *

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
HNE Insurance Company, Inc.
Springfield, Massachusetts

Report on Supplemental Schedule of Investment Risks Interrogatories and Summary Investment Schedule

Our 2022 audit was conducted for the purpose of forming an opinion on the 2022 statutory-basis financial statements as a whole. The supplemental schedule of investment risks interrogatories and the summary investment schedule as of December 31, 2022, are presented for purposes of additional analysis and are not a required part of the 2022 statutory-basis financial statements. These supplemental schedules are the responsibility of HNE Insurance Company, Inc.'s (the "Company") management, and were derived from and relate directly to the underlying accounting and other records used to prepare the statutory-basis financial statements. Such supplemental schedules have been subjected to the auditing procedures applied in our audit of the 2022 statutory-basis financial statements and certain additional procedures, including comparing and reconciling such supplemental schedules directly to the underlying accounting and other records used to prepare the statutory-basis financial statements or to the statutory-basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such supplemental schedules are fairly stated in all material respects in relation to the 2022 statutory-basis financial statements as a whole.

Restriction on Use

Our report is intended solely for the information and use of the Board of Directors and the management of the Company and for filing with state insurance departments to whose jurisdiction the Company is subject to and is not intended to be, and should not be, used by anyone other than these specified parties.

Deloitte + Touche LLP

April 26, 2023

HNE INSURANCE COMPANY, INC.

SUPPLEMENTAL SCHEDULE OF INVESTMENT RISKS INTERROGATORIES AS OF DECEMBER 31, 2022

Investment Risks Interrogatories—HNE Insurance Company, Inc.’s (the “Company”) total admitted assets as reported on page 2 of its annual statement is \$5,108,036.

1. Following are the 10 largest exposures to a single issuer/borrower/investment, by investment category, excluding: (i) US government, US government agency securities, and those US government money market funds listed in the Appendix to the Securities Valuation Office’s *Practices and Procedures Manual* as exempt and (ii) property occupied by the Company:

| Issuer | Statement Value | Percentage of Total Admitted Assets |
|--------|-----------------|-------------------------------------|
| N/A | \$ - | - % |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| Total | <u>\$ -</u> | <u>- %</u> |

2. The Company’s total admitted assets held in bonds and preferred stock by National Association of Insurance Commissioners (NAIC) rating, are as follows:

| Bonds | | | Preferred Stock | | |
|-------------|-------------|-------------------------------------|-----------------|-------------|-------------------------------------|
| NAIC Rating | Amount | Percentage of Total Admitted Assets | NAIC Rating | Amount | Percentage of Total Admitted Assets |
| NAIC-1 | \$ - | - % | P/PSF-1 | \$ - | - % |
| NAIC-2 | - | - | P/PSF-2 | - | - |
| NAIC-3 | - | - | P/PSF-3 | - | - |
| NAIC-4 | - | - | P/PSF-4 | - | - |
| NAIC-5 | - | - | P/PSF-5 | - | - |
| NAIC-6 | - | - | P/PSF-6 | - | - |
| | <u>\$ -</u> | | | <u>\$ -</u> | |

3. Assets held in foreign investments are 0% of the Company's total admitted assets at December 31, 2022.
4. Assets held in Canadian investments are 0% of the Company's total admitted assets at December 31, 2022.
5. Assets held in investments with contractual sales restrictions are 0% of the Company's total admitted assets at December 31, 2022.
6. Assets held in equity interests are 0% of the Company's total admitted assets at December 31, 2022.
7. Assets held in nonaffiliated, privately placed equities are 0% of the Company's total admitted assets at December 31, 2022.
8. Assets held in general partnership interests are 0% of the Company's total admitted assets at December 31, 2022.
9. The Company does not maintain any mortgage loans.
10. The Company does not maintain any real estate investments.
11. The Company's total admitted assets are not subject to the types of agreements enumerated in NAIC Interrogatory number 20.
12. The Company's total admitted assets are not subject to warrants.
13. The Company's total admitted assets are not subject to hedging or income generation.
14. \$0 of the Company's total admitted assets are subject to futures contracts.
15. The category "Assets Held in Other Invested Assets" of \$0 comprises 0% of the Company's admitted assets.

HNE INSURANCE COMPANY, INC.

SUMMARY INVESTMENT SCHEDULE AS OF DECEMBER 31, 2022

| Investment Categories | Gross Investment Holdings* | | Admitted Assets as Reported in the Annual Statement | |
|---------------------------|----------------------------|---|---|--|
| | Amount | Percentage of Gross Investment Holdings | Amount | Percentage of Admitted Invested Assets |
| Cash and cash equivalents | <u>\$ 4,985,310</u> | <u>100 %</u> | <u>\$ 4,985,310</u> | <u>100 %</u> |
| Total invested assets | <u>\$ 4,985,310</u> | <u>100 %</u> | <u>\$ 4,985,310</u> | <u>100 %</u> |

* Gross investment holdings as valued in compliance with the NAIC Accounting Practices and Procedures Manual for Statutory Accounting Principles.

HNE INSURANCE COMPANY, INC.

NOTE TO SUPPLEMENTAL INVESTMENT DISCLOSURES AS OF DECEMBER 31, 2022

BASIS OF PRESENTATION

The accompanying supplemental schedules present selected investment disclosures as of December 31, 2022, for purposes of complying with the National Association of Insurance Commissioners' *Accounting Practices and Procedures Manual* and agree to or are included in the amounts reported in the Company's 2022 statutory annual statement as filed with the Commonwealth of Massachusetts Division of Insurance.

HNE of Connecticut, Inc.

Statutory-Basis Financial Statements as of
and for the Years Ended December 31, 2021
and 2020, Supplementary Information as of
December 31, 2021, and Independent Auditor's
Reports

HNE OF CONNECTICUT, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
HNE of Connecticut, Inc.
Springfield, Massachusetts

Opinions

We have audited the statutory-basis financial statements of HNE of Connecticut, Inc. (the "Company"), which comprise the statutory-basis statements of admitted assets, liabilities, and statutory net worth as of December 31, 2021 and 2020, and the related statutory-basis statements of income, changes in statutory net worth, and cash flows for the years then ended, and the related notes to the statutory-basis financial statements (collectively referred to as the "statutory-basis financial statements").

Unmodified Opinion on Statutory-Basis of Accounting

In our opinion, the accompanying statutory-basis financial statements present fairly, in all material respects, the admitted assets, liabilities, and statutory net worth of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended, in accordance with the accounting practices prescribed or permitted by the Connecticut Insurance Department described in Note 2.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America section of our report, the statutory-basis financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2021 and 2020, or the results of its operations or its cash flows for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Statutory-Basis 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in Note 2 to the statutory-basis financial statements, the statutory-basis financial statements are prepared by the Company using the accounting practices prescribed or permitted by the Connecticut Insurance Department, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Connecticut Insurance Department. The effects on the statutory-basis financial statements of the variances between

the statutory-basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Statutory-Basis Financial Statements

Management is responsible for the preparation and fair presentation of the statutory-basis financial statements in accordance with the accounting practices prescribed or permitted by the Connecticut Insurance Department. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of statutory-basis financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the statutory-basis 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 that the statutory-basis financial statements are issued.

Auditor's Responsibilities for the Audit of the Statutory-Basis Financial Statements

Our objectives are to obtain reasonable assurance about whether the statutory-basis financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 statutory-basis financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the statutory-basis 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 statutory-basis 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 statutory-basis 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.

Deloitte + Touche LLP

April 29, 2022

HNE OF CONNECTICUT, INC.

STATUTORY-BASIS STATEMENTS OF ADMITTED ASSETS, LIABILITIES, AND STATUTORY NET WORTH AS OF DECEMBER 31, 2021 AND 2020

| | 2021 | 2020 |
|--|--------------------|--------------------|
| ADMITTED ASSETS | | |
| INVESTED ASSETS: | | |
| Bonds | \$ 500,638 | \$ 500,638 |
| Cash and cash equivalents | <u>3,785,827</u> | <u>3,813,152</u> |
| Total invested assets | 4,286,465 | 4,313,790 |
| RECEIVABLES—Investment income | <u>3,179</u> | <u>3,179</u> |
| TOTAL ADMITTED ASSETS | <u>\$4,289,644</u> | <u>\$4,316,969</u> |
| LIABILITIES AND STATUTORY NET WORTH | | |
| LIABILITIES: | | |
| Payable to affiliates | \$ 1,503 | \$ 277 |
| Accrued expenses and other liabilities | <u>6,364</u> | <u>108</u> |
| Total liabilities | <u>7,867</u> | <u>385</u> |
| STATUTORY NET WORTH—Unassigned surplus | <u>4,281,777</u> | <u>4,316,584</u> |
| Total statutory net worth | <u>4,281,777</u> | <u>4,316,584</u> |
| TOTAL LIABILITIES AND STATUTORY NET WORTH | <u>\$4,289,644</u> | <u>\$4,316,969</u> |

See notes to statutory-basis financial statements.

HNE OF CONNECTICUT, INC.

STATUTORY-BASIS STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

| | 2021 | 2020 |
|--|--------------------------|------------------------|
| GENERAL AND ADMINISTRATIVE | <u>\$ 44,163</u> | <u>\$ 1,561</u> |
| Total expenses | <u>44,163</u> | <u>1,561</u> |
| NET UNDERWRITING LOSS | (44,163) | (1,561) |
| NET INVESTMENT INCOME (Including net realized gain of \$0 and \$0 in 2021 and 2020, respectively) | <u>9,356</u> | <u>9,374</u> |
| NET (LOSS) GAIN | <u><u>\$(34,807)</u></u> | <u><u>\$ 7,813</u></u> |

See notes to statutory-basis financial statements.

HNE OF CONNECTICUT, INC.

STATUTORY-BASIS STATEMENTS OF CHANGES IN STATUTORY NET WORTH FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

| | Unassigned Surplus | Total Statutory Net Worth |
|---------------------------|-----------------------|---------------------------------|
| BALANCE—January 1, 2020 | \$ 4,308,771 | \$ 4,308,771 |
| Net income | <u>7,813</u> | <u>7,813</u> |
| BALANCE—December 31, 2020 | 4,316,584 | 4,316,584 |
| Net loss | <u>(34,807)</u> | <u>(34,807)</u> |
| BALANCE—December 31, 2021 | <u>\$ 4,281,777</u> | <u>\$ 4,281,777</u> |

See notes to statutory-basis financial statements.

HNE OF CONNECTICUT, INC.

STATUTORY-BASIS STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

| | 2021 | 2020 |
|--|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Expenses paid | \$ (37,907) | \$ (1,453) |
| Net investment income received | <u>9,356</u> | <u>9,357</u> |
| Net cash (used in) provided by operating activities | <u>(28,551)</u> | <u>7,904</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES— | | |
| Other cash provided by financing activities | <u>1,226</u> | <u>277</u> |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | (27,325) | 8,181 |
| CASH AND CASH EQUIVALENTS— Beginning of year | <u>3,813,152</u> | <u>3,804,971</u> |
| CASH AND CASH EQUIVALENTS— End of year | <u>\$3,785,827</u> | <u>\$3,813,152</u> |

See notes to statutory-basis financial statements.

HNE OF CONNECTICUT, INC.

NOTES TO STATUTORY-BASIS FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

1. ORGANIZATION AND NATURE OF BUSINESS

HNE of Connecticut, Inc. (HOC or the “Company”) provided prepaid health insurance coverage for Medicare medical services, primarily in Hartford County, Connecticut. Medical services are provided through contracts with physicians, established primary care, multispecialty provider groups, hospitals, and other health care providers. HOC, which commenced operations on March 4, 2014, and began underwriting policies in 2015, is organized as a not-for-profit tax-exempt organization.

The Company is a wholly owned subsidiary of Health New England, Inc. (HNE). HNE provides administrative services on behalf of the Company subject to the terms of the administrative agreement.

Beginning January 1, 2018, HOC no longer offered health insurance coverage, but remains in existence. There are no outstanding claims payable as of December 31, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The accompanying statutory-basis financial statements of the Company have been prepared in accordance with the National Association of Insurance Commissioners’ (NAIC) *Accounting Practices and Procedures Manual for Statutory Accounting Principles (NAIC SAP)*, which do not differ from the accounting practices prescribed or permitted by the Connecticut Insurance Department. NAIC SAP does differ from accounting principles generally accepted in the United States of America (GAAP).

The significant variances from GAAP are as follows:

Investments—Investments in bonds are reported at amortized cost or fair value based on their NAIC rating; for GAAP, such fixed-maturity investments would be designated at purchase as held-to-maturity, trading, or available for sale. Held-to-maturity fixed investments would be reported at amortized cost and the remaining fixed-maturity investments would be reported at fair value.

For statutory purposes, unrealized gains and losses on investments are excluded from net income and reported as an increase or decrease in statutory net worth, except that declines in fair value that are determined by management to be other than temporary are reported as realized losses. HOC has elected the fair value option for certain of its investments. For GAAP purposes, HOC made this election to reflect changes in fair value of its investments, including both increases and decreases and whether realized or unrealized, in its excess of revenue over expenses.

Nonadmitted Assets—Certain assets designated as “nonadmitted,” principally prepaid items, certain health care receivables, and receivables more than 90 days past due, are excluded from the accompanying statutory-basis statements of admitted assets, liabilities, and statutory net worth and are charged directly to unassigned surplus. Under GAAP, such assets are included in the balance sheets to the extent they are not impaired.

A reconciliation is completed of net income and statutory net worth of HNE, as determined in accordance with statutory accounting practices to amounts determined in accordance with GAAP. The financial statements of the Company prepared in accordance with GAAP would report a net loss of \$34,807 and net income of \$7,813 for the years ended December 31, 2021 and 2020, respectively, and net assets of \$4,292,946 and \$4,345,103 as of December 31, 2021 and 2020, respectively.

The Company's other statutory accounting practices are as follows:

Use of Estimates—The preparation of statutory-basis financial statements in conformity with accounting practices prescribed or permitted by the Connecticut Insurance Department requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statutory-basis financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the health care claims payable and valuation of investments. Actual results could differ from those estimates.

Cash and Cash Equivalents—Cash and cash equivalents include amounts on deposit with banks and investments with original maturities of three months or less. Money market mutual funds registered under the Investment Company Act of 1940 (the "Act") and regulated under Rule 2a-7 of the Act are accounted for and reported as cash equivalents.

Investments—Investments in government agency bonds are carried at amortized cost, except for those securities that are deemed ineligible to be held at amortized cost by the NAIC's Securities Valuation Office (SVO), which instead are carried at the lower of amortized cost or SVO fair value. Amortized cost is determined using the scientific interest method.

Income Taxes—The Company is organized as a not-for-profit tax-exempt organization. HOC received an Internal Revenue Service determination letter exempting the Company under Section 501(c) (4) with an effective date of March 4, 2014.

Impact of the COVID-19 Pandemic—An outbreak of respiratory disease caused by a novel coronavirus was first detected in China in December 2019 and subsequently spread internationally. This coronavirus resulted in closing borders, enhanced health screenings, health care service preparation and delivery, quarantines, cancellations, disruptions to supply chains and customer activity, as well as general concern and uncertainty. It has resulted in substantial market volatility and has caused a significant economic downturn. The impact of this coronavirus has continued through 2021 and remains pertinent as of the date these financial statements were issued.

3. RELATED-PARTY TRANSACTIONS

HOC has transactions in the normal course of business with HNE. HNE also pays administrative expenses and is reimbursed by HOC. As of December 31, 2021 and 2020, amounts due to HNE from HOC totaled \$1,503 and \$277, respectively.

HNE has entered into a Capital Maintenance Agreement with HOC, whereby HNE has agreed to provide HOC with sufficient funds to have levels of total adjusted capital equal to or greater than 300% of the Authorized Control Level.

Due to the significance of the transactions between HOC and HNE, the results of operations of HOC may not be indicative of the results that would have been attained had HOC not been an affiliate of HNE.

4. INVESTMENTS

The fair value and amortized cost of investments in bonds at December 31, 2021 and 2020, are summarized as follows:

| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
|----------------------------------|---------------------------|---------------------------------------|--|-------------------|
| 2021 | | | | |
| Bonds—US government and agencies | <u>\$ 500,638</u> | <u>\$ 11,169</u> | <u>\$ -</u> | <u>\$ 511,807</u> |
| | | | | |
| 2020 | | | | |
| Bonds—US government and agencies | <u>\$ 500,638</u> | <u>\$ 28,458</u> | <u>\$ -</u> | <u>\$ 529,096</u> |

There were no sales of securities during 2021 or 2020.

The amortized cost and estimated fair value of debt securities at December 31, 2021 and 2020, by contractual maturity are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or repay obligations with or without call or prepayment penalties.

| Maturity | 2021 | |
|----------------------------------|---------------------------|-------------------|
| | Amortized Cost | Fair Value |
| Over one year through five years | <u>\$ 500,638</u> | <u>\$ 511,807</u> |

The Company's statutory-basis financial assets and liabilities have been classified, for disclosure purposes, based on a hierarchy defined by Statements of Statutory Accounting Principle (SSAP) No. 100, *Fair Value Measurements*. The levels of the fair value hierarchy are as follows:

Level I—Values are unadjusted quoted market prices for identical assets and liabilities in active markets accessible at the measurement date.

Level II—Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads, and yield curves.

Level III—Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Fair values are based on quoted market prices, where available. These fair values are obtained primarily from independent pricing services, which generally use Level I or Level II inputs for the determination of fair value in accordance with SSAP No. 100. Independent pricing services normally derive the security prices through recently reported trades for identical or similar securities making adjustments through the reporting date based upon available market observable information. For securities not actively

traded, the independent pricing services may use quoted market prices of comparable instruments or discounted cash flow analyses, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include, but are not limited to, broker quotes, benchmark yields, credit spreads, default rates, and prepayment speeds.

There are no bonds in 2021 or 2020 that are measured and recorded at fair value.

The aggregate fair value by hierarchal level as of December 31, 2021 and 2020, is as follows:

| 2021 | | | | | | |
|-------------|---------------------------------|----------------------------|---------------------|-------------------|------------------|---|
| | Aggregate Fair Value | Admitted Assets | Level I | Level II | Level III | Not Practicable (Carrying Value) |
| Cash | \$ 3,785,827 | \$ 3,785,827 | \$ 3,785,827 | \$ - | \$ - | \$ - |
| Bonds | <u>511,807</u> | <u>500,638</u> | <u>-</u> | <u>511,807</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 4,297,634</u> | <u>\$ 4,286,465</u> | <u>\$ 3,785,827</u> | <u>\$ 511,807</u> | <u>\$ -</u> | <u>\$ -</u> |
| 2020 | | | | | | |
| | Aggregate Fair Value | Admitted Assets | Level I | Level II | Level III | Not Practicable (Carrying Value) |
| Cash | \$ 3,813,152 | \$ 3,813,152 | \$ 3,813,152 | \$ - | \$ - | \$ - |
| Bonds | <u>529,096</u> | <u>500,638</u> | <u>-</u> | <u>529,096</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 4,342,248</u> | <u>\$ 4,313,790</u> | <u>\$ 3,813,152</u> | <u>\$ 529,096</u> | <u>\$ -</u> | <u>\$ -</u> |

Note:

- (a) There were no transfers between levels during 2021 or 2020.
- (b) The Company's policy is to recognize transfers between levels as of the end of the reporting period.
- (c) Fair value measurements of securities within the Level II hierarchy are determined using the NAIC's SVO pricing source at December 31, 2021 and 2020.

5. CONTINGENCIES

HOC is involved in legal proceedings in the ordinary course of business. In the opinion of management, there are no matters pending against or involving HOC whose outcome is likely to have a material adverse effect on the statutory-basis financial position, operating results, or cash flows of HOC.

6. MINIMUM SURPLUS REQUIREMENTS UNDER CONNECTICUT STATE LAW

In accordance with insurance laws and regulations established by the state of Connecticut, the Company is required to maintain a minimum surplus of \$1,000,000 and to maintain an additional minimum deposit of \$500,000 with the State of Connecticut. At December 31, 2021 and 2020, the Company was in compliance with Connecticut laws and regulations regarding minimum surplus and deposits.

7. NAIC MODEL REGULATION

The Managed Care Organization Risk-Based Capital (RBC) Model Regulation (the “Model Regulation”) was adopted by the NAIC in December 1997 to establish benchmarks for minimum levels of statutory RBC. The Model Regulation prescribes specific actions that insurance departments should take (i.e., action levels) when certain RBC thresholds are not met. Calculation of RBC in accordance with the Model Regulation RBC formula is required in connection with the annual statutory filing. HOC’s statutory capital at December 31, 2021 and 2020, was above the Company’s action level as established by the Model Regulation.

8. SUBSEQUENT EVENTS

The Company has evaluated events and transactions subsequent to December 31, 2021, through April 29, 2022, the date the statutory-basis financial statements were available for issuance, and has determined that there were no material events or transactions, which require adjustments to or disclosures in the statutory-basis financial statements

* * * * *

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
HNE of Connecticut, Inc.
Springfield, Massachusetts

Report on Supplemental Schedule of Investment Risks Interrogatories and Summary Investment Schedule

Our 2021 audit was conducted for the purpose of forming an opinion on the 2021 statutory-basis financial statements as a whole. The supplemental schedule of investment risks interrogatories and the summary investment schedule as of December 31, 2021, are presented for purposes of additional analysis and are not a required part of the 2021 statutory-basis financial statements. These schedules are the responsibility of HNE of Connecticut, Inc.'s (the "Company") management and were derived from and relate directly to the underlying accounting and other records used to prepare the statutory-basis financial statements. Such schedules have been subjected to the auditing procedures applied in our audit of the 2021 statutory-basis financial statements and certain additional procedures, including comparing and reconciling such schedules directly to the underlying accounting and other records used to prepare the statutory-basis financial statements or to the statutory-basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such schedules are fairly stated, in all material respects, in relation to the 2021 statutory-basis financial statements as a whole.

Restriction on Use

Our report is intended solely for the information and use of the Board of Directors and the management of the Company and for filing with state insurance departments, to whose jurisdiction the Company is subject, and is not intended to be, and should not be, used by anyone other than these specified parties.

Deloitte + Touche LLP

April 29, 2022

HNE OF CONNECTICUT, INC.

SUPPLEMENTAL INVESTMENT DISCLOSURES AS OF DECEMBER 31, 2021

Investment Risks Interrogatories—HNE of Connecticut, Inc.’s (the “Company”) total admitted assets as reported on page 3 of its annual statement are \$4,289,644.

1. Following are the 10 largest exposures to a single issuer/borrower/investment, by investment category, excluding: (i) US government, US government agency securities, and the US government money market funds listed in the appendix to the Securities Valuation Office’s *Practices and Procedures Manual* as exempt and (ii) property occupied by the Company:

| Issuer | Statement Value | Percentage of Total Admitted Assets |
|--------|-----------------|-------------------------------------|
| N/A | \$ - | - |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| Total | <u>\$ -</u> | <u>-</u> |

2. The Company’s total admitted assets held in bonds and preferred stock, by the National Association of Insurance Commissioners’ (NAIC) rating, are as follows:

| Bonds | | | Preferred Stock | | |
|-------------|-------------------|-------------------------------------|-----------------|-------------|-------------------------------------|
| NAIC Rating | Amount | Percentage of Total Admitted Assets | NAIC Rating | Amount | Percentage of Total Admitted Assets |
| NAIC-1 | \$ 500,638 | 11.67 % | P/PSF-1 | \$ - | - |
| NAIC-2 | - | - | P/PSF-2 | - | - |
| NAIC-3 | - | - | P/PSF-3 | - | - |
| NAIC-4 | - | - | P/PSF-4 | - | - |
| NAIC-5 | - | - | P/PSF-5 | - | - |
| NAIC-6 | - | - | P/PSF-6 | - | - |
| | <u>\$ 500,638</u> | <u>11.67 %</u> | | <u>\$ -</u> | <u>-</u> |

3. Assets held in foreign investments are 0% of the Company's total admitted assets at December 31, 2021.
4. Assets held in Canadian investments are 0% of the Company's total admitted assets at December 31, 2021.
5. Assets held in investments with contractual sales restrictions are 0% of the Company's total admitted assets at December 31, 2021.
6. Assets held in equity interests are 0% of the Company's total admitted assets at December 31, 2021.
7. Assets held in nonaffiliated, privately placed equities are 0% of the Company's total admitted assets at December 31, 2021.
8. Assets held in general partnership interests are 0% of the Company's total admitted assets at December 31, 2021.
9. The Company does not maintain any mortgage loans.
10. The Company does not maintain any real estate investments.
11. The Company's total admitted assets are not subject to the types of agreements enumerated in NAIC interrogatory number 20.
12. The Company's total admitted assets are not subject to warrants.
13. The Company's total admitted assets are not subject to hedging and income generation.
14. The Company's total admitted assets are not subject to futures contracts.
15. The category "Assets Held in Other Invested Assets" of \$0 comprises 0% of the Company's admitted assets.

HNE OF CONNECTICUT, INC.

SUPPLEMENTAL INVESTMENT DISCLOSURES SUMMARY INVESTMENT SCHEDULE AS OF DECEMBER 31, 2021

| Investment Categories | Gross Investment Holdings* | | Admitted Assets as Reported in the Annual Statement | |
|---|----------------------------|---|---|--|
| | Amount | Percentage of Gross Investment Holdings | Amount | Percentage of Admitted Invested Assets |
| Bonds: | | | | |
| US Treasury securities | \$ 500,638 | 11.68 % | \$ 500,638 | 11.68 % |
| US government agency and corporate obligations (excluding mortgage-backed securities): | | | | |
| Issued by US government agencies | - | - | - | - |
| Issued by US government-sponsored agencies | - | - | - | - |
| Non-US government (including Canada, excluding mortgage-backed securities): | | | | |
| Securities issued by states, territories, and possessions and political subdivisions in the US: | | | | |
| States, territories, and possessions general obligations | - | - | - | - |
| Political subdivisions of states, territories, and possessions and political subdivisions general obligations | - | - | - | - |
| Revenue and assessment obligations | - | - | - | - |
| Industrial development and similar obligations | - | - | - | - |
| Mortgage-backed securities (includes residential and commercial MBS)— | | | | |
| Pass-through securities: | | | | |
| Guaranteed by GNMA | - | - | - | - |
| Issued or guaranteed by FNMA and FHLMC | - | - | - | - |
| Privately issued | - | - | - | - |
| CMOs and REMICs: | | | | |
| Issued or guaranteed by GNMA, FNMA, and FHLMC or VA | - | - | - | - |
| Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC | - | - | - | - |
| All other | - | - | - | - |
| Other debt and other fixed income securities (excluding short term): | | | | |
| Unaffiliated domestic securities (includes credit tenant loans and hybrid securities) | - | - | - | - |
| Unaffiliated non-US securities (including Canada) | - | - | - | - |
| Affiliated securities | - | - | - | - |

(Continued)

HNE OF CONNECTICUT, INC.

SUPPLEMENTAL INVESTMENT DISCLOSURES SUMMARY INVESTMENT SCHEDULE AS OF DECEMBER 31, 2021

| Investment Categories | Gross Investment Holdings* | | Admitted Assets as Reported in the Annual Statement | |
|--|----------------------------|---|---|--|
| | Amount | Percentage of Gross Investment Holdings | Amount | Percentage of Admitted Invested Assets |
| Equity interests—investments in mutual funds | \$ - | - % | \$ - | - % |
| Preferred stocks: | | | | |
| Affiliated | - | - | - | - |
| Unaffiliated | - | - | - | - |
| Publicly traded equity securities (excluding preferred stocks): | | | | |
| Affiliated | - | - | - | - |
| Unaffiliated | - | - | - | - |
| Other equity securities: | | | | |
| Affiliated | - | - | - | - |
| Unaffiliated | - | - | - | - |
| Other equity interests, including tangible personal property under lease: | | | | |
| Affiliated | - | - | - | - |
| Unaffiliated | - | - | - | - |
| Mortgage loans: | | | | |
| Construction and land development | - | - | - | - |
| Agricultural | - | - | - | - |
| Single family residential properties | - | - | - | - |
| Multifamily residential properties | - | - | - | - |
| Commercial loans | - | - | - | - |
| Real estate investments: | | | | |
| Property occupied by Company | - | - | - | - |
| Property held for production of income (includes \$0 of property acquired in satisfaction of debt) | - | - | - | - |
| Property held for sale (includes \$0 of property acquired in satisfaction of debt) | - | - | - | - |
| Collateral loans | - | - | - | - |
| Policy loans | - | - | - | - |
| Receivables for securities | - | - | - | - |
| Cash, cash equivalents, and short-term investments | 3,785,827 | 88.32 | 3,785,827 | 88.32 |
| Other invested assets | - | - | - | - |
| Total invested assets | <u>\$ 4,286,465</u> | <u>100.00 %</u> | <u>\$ 4,286,465</u> | <u>100.00 %</u> |

* Gross investment holdings as valued in compliance with NAIC Accounting Practices and Procedures Manual.

(Concluded)

HNE OF CONNECTICUT, INC.

NOTE TO SUPPLEMENTAL INVESTMENT DISCLOSURES AS OF DECEMBER 31, 2021

BASIS OF PRESENTATION

The accompanying supplemental schedules present selected investment disclosures as of December 31, 2021, for purposes of complying with the National Association of Insurance Commissioners' *Accounting Practices and Procedures Manual* and agree to or are included in the amounts reported in the Company's 2021 statutory annual statement as filed with the Connecticut Insurance Department.

HNE of Connecticut, Inc.

Statutory-Basis Financial Statements as of
and for the Years Ended December 31, 2022
and 2021, Supplementary Information as of
December 31, 2022, and Independent Auditor's
Reports

HNE OF CONNECTICUT, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
HNE of Connecticut, Inc.
Springfield, Massachusetts

Opinions

We have audited the statutory-basis financial statements of HNE of Connecticut, Inc. (the "Company"), which comprise the statutory-basis statements of admitted assets, liabilities, and statutory net worth as of December 31, 2022 and 2021, and the related statutory-basis statements of income, changes in statutory net worth, and cash flows for the years then ended, and the related notes to statutory-basis financial statements (collectively, the "statutory-basis financial statements").

Unmodified Opinion on Statutory-Basis of Accounting

In our opinion, the accompanying statutory-basis financial statements present fairly, in all material respects, the admitted assets, liabilities, and statutory net worth of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with the accounting practices prescribed or permitted by the Connecticut Insurance Department described in Note 2.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America section of our report, the statutory-basis financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company as of December 31, 2022 and 2021, or the results of its operations or its cash flows for the years then ended.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Statutory-Basis 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in Note 2 to the statutory-basis financial statements, the statutory-basis financial statements are prepared by the Company using the accounting practices prescribed or permitted by the Connecticut Insurance Department, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Connecticut Insurance Department. The effects on the statutory-basis financial statements of the variances between

the statutory -basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As described in Note 3, the Company is a member of a controlled group of affiliated companies; as such, its results may not be indicative of those of a stand-alone entity. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Statutory-Basis Financial Statements

Management is responsible for the preparation and fair presentation of the statutory-basis financial statements in accordance with the accounting practices prescribed or permitted by the Connecticut Insurance Department. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of statutory-basis financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the statutory-basis 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 that the statutory-basis financial statements are issued.

Auditor's Responsibilities for the Audit of the Statutory-Basis Financial Statements

Our objectives are to obtain reasonable assurance about whether the statutory-basis financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 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 statutory-basis financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the statutory-basis 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 statutory-basis 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 statutory-basis 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.

Restriction on Use

Our report is intended solely for the information and use of the Board of Directors and the management of the Company and for filing with state insurance departments to whose jurisdiction the Company is subject to and is not intended to be, and should not be, used by anyone other than these specified parties.

Deloitte + Touche LLP

April 26, 2023

HNE OF CONNECTICUT, INC.

STATUTORY-BASIS STATEMENTS OF ADMITTED ASSETS, LIABILITIES, AND STATUTORY NET WORTH AS OF DECEMBER 31, 2022 AND 2021

| | 2022 | 2021 |
|--|---------------------|---------------------|
| ADMITTED ASSETS | | |
| INVESTED ASSETS: | | |
| Bonds | \$ 500,032 | \$ 500,638 |
| Cash and cash equivalents | <u>3,805,244</u> | <u>3,785,827</u> |
| Total invested assets | 4,305,276 | 4,286,465 |
| RECEIVABLES—Investment income | <u>3,204</u> | <u>3,179</u> |
| TOTAL ADMITTED ASSETS | <u>\$ 4,308,480</u> | <u>\$ 4,289,644</u> |
| LIABILITIES AND STATUTORY NET WORTH | | |
| LIABILITIES: | | |
| Payable to affiliates | \$ - | \$ 1,503 |
| Accrued expenses and other liabilities | <u>-</u> | <u>6,364</u> |
| Total liabilities | <u>-</u> | <u>7,867</u> |
| STATUTORY NET WORTH—Unassigned surplus | <u>4,308,480</u> | <u>4,281,777</u> |
| Total statutory net worth | <u>4,308,480</u> | <u>4,281,777</u> |
| TOTAL LIABILITIES AND STATUTORY NET WORTH | <u>\$ 4,308,480</u> | <u>\$ 4,289,644</u> |

See notes to statutory-basis financial statements.

HNE OF CONNECTICUT, INC.

STATUTORY-BASIS STATEMENTS OF INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

| | 2022 | 2021 |
|--|------------------|--------------------|
| GENERAL AND ADMINISTRATIVE | \$ (1,337) | \$ 44,163 |
| Total expenses | <u>(1,337)</u> | <u>44,163</u> |
| NET UNDERWRITING GAIN (LOSS) | 1,337 | (44,163) |
| NET INVESTMENT INCOME (Including net realized gain of \$0 and \$0 in 2022 and 2021, respectively) | <u>25,366</u> | <u>9,356</u> |
| NET GAIN (LOSS) | <u>\$ 26,703</u> | <u>\$ (34,807)</u> |

See notes to statutory-basis financial statements.

HNE OF CONNECTICUT, INC.

STATUTORY-BASIS STATEMENTS OF CHANGES IN STATUTORY NET WORTH FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

| | Unassigned Surplus | Total Statutory Net Worth |
|---------------------------|-----------------------|---------------------------------|
| BALANCE—December 31, 2020 | \$ 4,316,584 | \$ 4,316,584 |
| Net loss | <u>(34,807)</u> | <u>(34,807)</u> |
| BALANCE—December 31, 2021 | 4,281,777 | 4,281,777 |
| Net gain | <u>26,703</u> | <u>26,703</u> |
| BALANCE—December 31, 2022 | <u>\$ 4,308,480</u> | <u>\$ 4,308,480</u> |

See notes to statutory-basis financial statements.

HNE OF CONNECTICUT, INC.

STATUTORY-BASIS STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

| | 2022 | 2021 |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Expenses paid | \$ (5,027) | \$ (37,907) |
| Net investment income received | <u>25,948</u> | <u>9,356</u> |
| Net cash provided by (used in) operating activities | <u>20,921</u> | <u>(28,551)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES— | | |
| Other cash (applied) provided | <u>(1,504)</u> | <u>1,226</u> |
| Net cash (used in) provided by financing activities | <u>(1,504)</u> | <u>1,226</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 19,417 | (27,325) |
| CASH AND CASH EQUIVALENTS—Beginning of year | <u>3,785,827</u> | <u>3,813,152</u> |
| CASH AND CASH EQUIVALENTS—End of year | <u>\$ 3,805,244</u> | <u>\$ 3,785,827</u> |

See notes to statutory-basis financial statements.

HNE OF CONNECTICUT, INC.

NOTES TO STATUTORY-BASIS FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

1. ORGANIZATION AND NATURE OF BUSINESS

HNE of Connecticut, Inc. (HOC or the “Company”) provided prepaid health insurance coverage for Medicare medical services, primarily in Hartford County, Connecticut. Medical services are provided through contracts with physicians, established primary care, multispecialty provider groups, hospitals, and other health care providers. HOC, which commenced operations on March 4, 2014, and began underwriting policies in 2015, is organized as a not-for-profit tax-exempt organization.

The Company is a wholly owned subsidiary of Health New England, Inc. (HNE). HNE provides administrative services on behalf of the Company subject to the terms of the administrative agreement.

Beginning January 1, 2018, HOC no longer offered health insurance coverage, but remains in existence. There are no outstanding claims payable as of December 31, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation—The accompanying statutory-basis financial statements of the Company have been prepared in accordance with the accounting practices prescribed or permitted by the Connecticut Insurance Department, which are designed primarily to demonstrate ability to meet claims of policyholders. The Connecticut Insurance Department has adopted the National Association of Insurance Commissioners’ (NAIC) *Accounting Practices and Procedures Manual for Statutory Accounting Principles* with certain modifications as the basis of its statutory accounting practices (NAIC SAP). These modifications were not material and had no effect on statutory surplus. NAIC SAP does differ from accounting principles generally accepted in the United States of America (GAAP).

The significant variances from GAAP are as follows:

Investments—Investments in bonds are reported at amortized cost or fair value based on their NAIC rating; for GAAP, such fixed-maturity investments would be designated at purchase as held to maturity, trading, or available for sale. Held-to-maturity fixed investments would be reported at amortized cost and the remaining fixed-maturity investments would be reported at fair value.

For statutory purposes, unrealized gains and losses on investments are excluded from net income and reported as an increase or decrease in statutory net worth, except that declines in fair value that are determined by management to be other than temporary are reported as realized losses. HOC has elected the fair value option for certain of its investments. For GAAP purposes, HOC made this election to reflect changes in fair value of its investments, including both increases and decreases and whether realized or unrealized, in its excess of revenue over expenses.

Nonadmitted Assets—Certain assets designated as “nonadmitted,” principally prepaid items, certain health care receivables, and receivables more than 90 days past due, are excluded from the accompanying statutory-basis statements of admitted assets, liabilities, and statutory net worth and are charged directly to unassigned surplus. Under GAAP, such assets are included in the balance sheets to the extent they are not impaired.

A reconciliation is completed of net income and statutory net worth of HNE, as determined in accordance with statutory accounting practices to amounts determined in accordance with GAAP. The financial statements of the Company prepared in accordance with GAAP would report a net gain of \$26,703 and net loss of \$34,807 for the years ended December 31, 2022 and 2021, respectively, and net assets of \$4,285,987 and \$4,292,946 as of December 31, 2022 and 2021, respectively.

The Company's other statutory accounting practices are as follows:

Use of Estimates—The preparation of statutory-basis financial statements in conformity with accounting practices prescribed or permitted by the Connecticut Insurance Department requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statutory-basis financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the health care claims payable and valuation of investments. Actual results could differ from those estimates.

Cash and Cash Equivalents—Cash and cash equivalents include amounts on deposit with banks and investments with original maturities of three months or less. Money market mutual funds registered under the Investment Company Act of 1940 (the "Act") and regulated under Rule 2a-7 of the Act are accounted for and reported as cash equivalents.

Investments—Investments in government agency bonds are carried at amortized cost, except for those securities that are deemed ineligible to be held at amortized cost by the NAIC's Securities Valuation Office (SVO), which instead are carried at the lower of amortized cost or SVO fair value. Amortized cost is determined using the scientific interest method.

Income Taxes—The Company is organized as a not-for-profit tax-exempt organization. HOC received an Internal Revenue Service determination letter exempting the Company under Section 501(c) (4) with an effective date of March 4, 2014.

Impact of the COVID-19 Pandemic—An outbreak of respiratory disease caused by a novel coronavirus was first detected in China in December 2019 and subsequently spread internationally. This coronavirus resulted in closing borders, enhanced health screenings, health care service preparation and delivery, quarantines, cancellations, disruptions to supply chains and customer activity, as well as general concern and uncertainty. It has resulted in substantial market volatility and has caused a significant economic downturn. The impact of this coronavirus has continued through 2022 and remains pertinent as of the date these statutory-basis financial statements were issued.

3. RELATED-PARTY TRANSACTIONS

HOC has transactions in the normal course of business with HNE. HNE also pays administrative expenses and is reimbursed by HOC. As of December 31, 2022 and 2021, amounts due to HNE from HOC totaled \$0 and \$1,503, respectively.

HNE has entered into a Capital Maintenance Agreement with HOC, whereby HNE has agreed to provide HOC with sufficient funds to have levels of total adjusted capital equal to or greater than 300% of the Authorized Control Level.

The Company is a member of a controlled group of affiliated companies and the results are not necessarily what would be reflected as a stand-alone entity.

4. INVESTMENTS

The fair value and amortized cost of investments in bonds at December 31, 2022 and 2021, are summarized as follows:

| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
|----------------------------------|---------------------------|---------------------------------------|--|-------------------|
| 2022 | | | | |
| Bonds—US government and agencies | <u>\$ 500,032</u> | <u>\$ -</u> | <u>\$ (23,098)</u> | <u>\$ 476,934</u> |
| | | | | |
| | Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Fair Value |
| 2021 | | | | |
| Bonds—US government and agencies | <u>\$ 500,638</u> | <u>\$ 11,169</u> | <u>\$ -</u> | <u>\$ 511,807</u> |

There were no sales of securities during 2022 or 2021.

The amortized cost and estimated fair value of debt securities at December 31, 2022 and 2021, by contractual maturity are shown below. Actual maturities may differ from contractual maturities because borrowers may have the right to call or repay obligations with or without call or prepayment penalties.

| Maturity | 2022 | |
|----------------------------------|---------------------------|-------------------|
| | Amortized Cost | Fair Value |
| Over one year through five years | <u>\$ 500,032</u> | <u>\$ 476,934</u> |

The Company's statutory-basis financial assets and liabilities have been classified, for disclosure purposes, based on a hierarchy defined by Statements of Statutory Accounting Principle (SSAP) No. 100, *Fair Value*. The levels of the fair value hierarchy are as follows:

Level I—Values are unadjusted quoted market prices for identical assets and liabilities in active markets accessible at the measurement date.

Level II—Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads, and yield curves.

Level III—Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Fair values are based on quoted market prices, where available. These fair values are obtained primarily from independent pricing services, which generally use Level I or Level II inputs for the determination of fair value in accordance with SSAP No. 100. Independent pricing services normally derive the security prices through recently reported trades for identical or similar securities making adjustments through the reporting date based upon available market observable information. For securities not actively

traded, the independent pricing services may use quoted market prices of comparable instruments or discounted cash flow analyses, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include, but are not limited to, broker quotes, benchmark yields, credit spreads, default rates, and prepayment speeds.

There are no bonds in 2022 or 2021 that are measured and recorded at fair value.

The aggregate fair value by hierarchal level as of December 31, 2022 and 2021, is as follows:

| 2022 | | | | | | |
|-------------|---------------------------------|----------------------------|---------------------|-------------------|------------------|---|
| | Aggregate Fair Value | Admitted Assets | Level I | Level II | Level III | Not Practicable (Carrying Value) |
| Cash | \$ 3,805,244 | \$ 3,805,244 | \$ 3,805,244 | \$ - | \$ - | \$ - |
| Bonds | <u>476,934</u> | <u>500,032</u> | <u>-</u> | <u>476,934</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 4,282,178</u> | <u>\$ 4,305,276</u> | <u>\$ 3,805,244</u> | <u>\$ 476,934</u> | <u>\$ -</u> | <u>\$ -</u> |
| 2021 | | | | | | |
| | Aggregate Fair Value | Admitted Assets | Level I | Level II | Level III | Not Practicable (Carrying Value) |
| Cash | \$ 3,785,827 | \$ 3,785,827 | \$ 3,785,827 | \$ - | \$ - | \$ - |
| Bonds | <u>511,807</u> | <u>500,638</u> | <u>-</u> | <u>511,807</u> | <u>-</u> | <u>-</u> |
| Total | <u>\$ 4,297,634</u> | <u>\$ 4,286,465</u> | <u>\$ 3,785,827</u> | <u>\$ 511,807</u> | <u>\$ -</u> | <u>\$ -</u> |

Note:

- (a) There were no transfers between levels during 2022 or 2021.
- (b) The Company's policy is to recognize transfers between levels as of the end of the reporting period.
- (c) Fair value measurements of securities within the Level II hierarchy are determined using the NAIC's SVO pricing source at December 31, 2022 and 2021.

5. CONTINGENCIES

HOC is involved in legal proceedings in the ordinary course of business. In the opinion of management, there are no matters pending against or involving HOC, whose outcome is likely to have a material adverse effect on the statutory-basis financial position, operating results, or cash flows of HOC.

6. MINIMUM SURPLUS REQUIREMENTS UNDER CONNECTICUT STATE LAW

In accordance with insurance laws and regulations established by the State of Connecticut, the Company is required to maintain a minimum surplus of \$1,000,000. At December 31, 2022 and 2021, the Company was in compliance with Connecticut laws and regulations regarding minimum surplus.

7. NAIC MODEL REGULATION

The Managed Care Organization Risk-Based Capital (RBC) Model Regulation (the "Model Regulation") was adopted by the NAIC in December 1997 to establish benchmarks for minimum levels of statutory RBC. The Model Regulation prescribes specific actions that insurance departments should take (i.e.,

action levels) when certain RBC thresholds are not met. Calculation of RBC in accordance with the Model Regulation RBC formula is required in connection with the annual statutory filing. HOC's statutory capital at December 31, 2022 and 2021, was above the Company's action level as established by the Model Regulation.

8. SUBSEQUENT EVENTS

The Company has evaluated events and transactions subsequent to December 31, 2022, through April 26, 2023, the date the statutory-basis financial statements were available for issuance, and has determined that there were no material events or transactions, which require adjustments to or disclosures in the statutory-basis financial statements.

* * * * *

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
HNE of Connecticut, Inc.
Springfield, Massachusetts

Report on Supplemental Schedule of Investment Risks Interrogatories and Summary Investment Schedule

Our 2022 audit was conducted for the purpose of forming an opinion on the 2022 statutory-basis financial statements as a whole. The supplemental schedule of investment risks interrogatories and the summary investment schedule as of December 31, 2022, are presented for purposes of additional analysis and are not a required part of the 2022 statutory-basis financial statements. These schedules are the responsibility of HNE of Connecticut, Inc.'s (the "Company") management and were derived from and relate directly to the underlying accounting and other records used to prepare the statutory-basis financial statements. Such schedules have been subjected to the auditing procedures applied in our audit of the 2022 statutory-basis financial statements and certain additional procedures, including comparing and reconciling such schedules directly to the underlying accounting and other records used to prepare the statutory-basis financial statements or to the statutory-basis financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such schedules are fairly stated, in all material respects, in relation to the 2022 statutory-basis financial statements as a whole.

Restriction on Use

Our report is intended solely for the information and use of the Board of Directors and the management of the Company and for filing with state insurance departments, to whose jurisdiction the Company is subject, and is not intended to be, and should not be, used by anyone other than these specified parties.

Deloitte + Touche LLP

April 26, 2023

HNE OF CONNECTICUT, INC.

SUPPLEMENTAL SCHEDULE OF INVESTMENT RISKS INTERROGATORIES AS OF DECEMBER 31, 2022

Investment Risks Interrogatories—HNE of Connecticut, Inc.’s (the “Company”) total admitted assets as reported on page 2 of its annual statement are \$4,308,480.

1. Following are the 10 largest exposures to a single issuer/borrower/investment, by investment category, excluding: (i) US government, US government agency securities, and the US government money market funds listed in the appendix to the Securities Valuation Office’s *Practices and Procedures Manual* as exempt and (ii) property occupied by the Company:

| Issuer | Statement Value | Percentage of Total Admitted Assets |
|--------|-----------------|-------------------------------------|
| N/A | \$ - | - % |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| N/A | - | - |
| Total | <u>\$ -</u> | <u>- %</u> |

2. The Company’s total admitted assets held in bonds and preferred stock, by the National Association of Insurance Commissioners’ (NAIC) rating, are as follows:

| Bonds | | | Preferred Stock | | |
|-------------|-------------------|-------------------------------------|-----------------|-------------|-------------------------------------|
| NAIC Rating | Amount | Percentage of Total Admitted Assets | NAIC Rating | Amount | Percentage of Total Admitted Assets |
| NAIC-1 | \$ 500,032 | 11.61% | P/PSF-1 | \$ - | - % |
| NAIC-2 | - | - | P/PSF-2 | - | - |
| NAIC-3 | - | - | P/PSF-3 | - | - |
| NAIC-4 | - | - | P/PSF-4 | - | - |
| NAIC-5 | - | - | P/PSF-5 | - | - |
| NAIC-6 | - | - | P/PSF-6 | - | - |
| | <u>\$ 500,032</u> | <u>11.61%</u> | | <u>\$ -</u> | <u>- %</u> |

3. Assets held in foreign investments are 0% of the Company's total admitted assets at December 31, 2022.
4. Assets held in Canadian investments are 0% of the Company's total admitted assets at December 31, 2022.
5. Assets held in investments with contractual sales restrictions are 0% of the Company's total admitted assets at December 31, 2022.
6. Assets held in equity interests are 0% of the Company's total admitted assets at December 31, 2022.
7. Assets held in nonaffiliated, privately placed equities are 0% of the Company's total admitted assets at December 31, 2022.
8. Assets held in general partnership interests are 0% of the Company's total admitted assets at December 31, 2022.
9. The Company does not maintain any mortgage loans.
10. The Company does not maintain any real estate investments.
11. The Company's total admitted assets are not subject to the types of agreements enumerated in NAIC interrogatory number 20.
12. The Company's total admitted assets are not subject to warrants.
13. The Company's total admitted assets are not subject to hedging and income generation.
14. The Company's total admitted assets are not subject to futures contracts.
15. The category "Assets Held in Other Invested Assets" of \$0 comprises 0% of the Company's admitted assets.

HNE OF CONNECTICUT, INC.

SUMMARY INVESTMENT SCHEDULE AS OF DECEMBER 31, 2022

| Investment Categories | Gross Investment Holdings* | | Admitted Assets as Reported in the Annual Statement | |
|---|----------------------------|---|---|--|
| | Amount | Percentage of Gross Investment Holdings | Amount | Percentage of Admitted Invested Assets |
| Bonds: | | | | |
| US Treasury securities | \$ 500,032 | 11.61 % | \$ 500,032 | 11.61 % |
| US government agency and corporate obligations (excluding mortgage-backed securities): | | | | |
| Issued by US government agencies | - | - | - | - |
| Issued by US government-sponsored agencies | - | - | - | - |
| Non-US government (including Canada, excluding mortgage-backed securities): | | | | |
| Securities issued by states, territories, and possessions and political subdivisions in the US: | | | | |
| States, territories, and possessions general obligations | - | - | - | - |
| Political subdivisions of states, territories, and possessions and political subdivisions general obligations | - | - | - | - |
| Revenue and assessment obligations | - | - | - | - |
| Industrial development and similar obligations | - | - | - | - |
| Mortgage-backed securities (includes residential and commercial MBS)— | | | | |
| Pass-through securities: | | | | |
| Guaranteed by GNMA | - | - | - | - |
| Issued or guaranteed by FNMA and FHLMC | - | - | - | - |
| Privately issued | - | - | - | - |
| CMOs and REMICs: | | | | |
| Issued or guaranteed by GNMA, FNMA, and FHLMC or VA | - | - | - | - |
| Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC | - | - | - | - |
| All other | - | - | - | - |
| Other debt and other fixed income securities (excluding short term): | | | | |
| Unaffiliated domestic securities (includes credit tenant loans and hybrid securities) | - | - | - | - |
| Unaffiliated non-US securities (including Canada) | - | - | - | - |
| Affiliated securities | - | - | - | - |

(Continued)

HNE OF CONNECTICUT, INC.

SUMMARY INVESTMENT SCHEDULE AS OF DECEMBER 31, 2022

| Investment Categories | Gross Investment Holdings* | | Admitted Assets as Reported in the Annual Statement | |
|--|----------------------------|---|---|--|
| | Amount | Percentage of Gross Investment Holdings | Amount | Percentage of Admitted Invested Assets |
| Equity interests—investments in mutual funds | \$ - | - | \$ - | - |
| Preferred stocks: | | | | |
| Affiliated | - | - | - | - |
| Unaffiliated | - | - | - | - |
| Publicly traded equity securities (excluding preferred stocks): | | | | |
| Affiliated | - | - | - | - |
| Unaffiliated | - | - | - | - |
| Other equity securities: | | | | |
| Affiliated | - | - | - | - |
| Unaffiliated | - | - | - | - |
| Other equity interests, including tangible personal property under lease: | | | | |
| Affiliated | - | - | - | - |
| Unaffiliated | - | - | - | - |
| Mortgage loans: | | | | |
| Construction and land development | - | - | - | - |
| Agricultural | - | - | - | - |
| Single family residential properties | - | - | - | - |
| Multifamily residential properties | - | - | - | - |
| Commercial loans | - | - | - | - |
| Real estate investments: | | | | |
| Property occupied by Company | - | - | - | - |
| Property held for production of income (includes \$0 of property acquired in satisfaction of debt) | - | - | - | - |
| Property held for sale (includes \$0 of property acquired in satisfaction of debt) | - | - | - | - |
| Collateral loans | - | - | - | - |
| Policy loans | - | - | - | - |
| Receivables for securities | - | - | - | - |
| Cash, cash equivalents, and short-term investments | 3,805,244 | 88.39% | 3,805,244 | 88.39% |
| Other invested assets | - | - | - | - |
| Total invested assets | <u>\$4,305,276</u> | <u>100 %</u> | <u>\$4,305,276</u> | <u>100 %</u> |

* Gross investment holdings as valued in compliance with NAIC Accounting Practices and Procedures Manual.

(Concluded)

HNE OF CONNECTICUT, INC.

NOTE TO SUPPLEMENTAL INVESTMENT DISCLOSURES AS OF DECEMBER 31, 2022

BASIS OF PRESENTATION

The accompanying supplemental schedules present selected investment disclosures as of December 31, 2022, for purposes of complying with the National Association of Insurance Commissioners' *Accounting Practices and Procedures Manual* and agree to or are included in the amounts reported in the Company's 2022 statutory annual statement as filed with the Connecticut Insurance Department.

DRAFT
HEALTH NEW ENGLAND, INC.
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER, 2022
UNAUDITED

| | Unaudited 12/2022 | Unaudited 11/2022 | MTD Change | | Unaudited 12/2021 | YTD Change | |
|--|-----------------------|-----------------------|------------------------|---------------|-----------------------|----------------------|----------------|
| ASSETS | | | | | | | |
| Cash and Cash Equivalents | \$ 99,324,867 | \$ 100,356,069 | \$ (1,031,202) | (1.0%) | \$ 90,928,558 | \$ 8,396,309 | 9.2% |
| Investments | \$ 156,952,807 | \$ 157,630,047 | \$ (677,241) | (0.4%) | \$ 138,596,816 | \$ 18,355,990 | 13.2% |
| Premium Receivable Less Allow | \$ 4,057,410 | \$ 4,999,070 | \$ (941,661) | (18.8%) | \$ 7,612,929 | \$ (3,555,520) | (46.7%) |
| Income tax receivable | \$ 1,396 | \$ 1,396 | \$ - | 0.0% | \$ 3,396 | \$ (2,000) | (58.9%) |
| Other receivables | \$ 21,619,178 | \$ 30,005,642 | \$ (8,386,465) | (27.9%) | \$ 34,850,707 | \$ (13,231,529) | (38.0%) |
| Prepaid Expense | \$ 2,678,425 | \$ 3,074,440 | \$ (396,015) | (12.9%) | \$ 2,218,069 | \$ 460,356 | 20.8% |
| Deferred Income Taxes | \$ (3,521) | \$ (4,677) | \$ 1,155 | 24.7% | \$ (3,620) | \$ 99 | 2.7% |
| Total Current Assets | \$ 284,630,561 | \$ 296,061,989 | \$ (11,431,428) | (3.9%) | \$ 274,206,856 | \$ 10,423,705 | 3.8% |
| Equipment & leasehold improvements, net | \$ 3,863,787 | \$ 3,640,786 | \$ 223,002 | 6.1% | \$ 4,319,977 | \$ (456,189) | (10.6%) |
| Other long term assets | \$ 7,004,217 | \$ 7,081,471 | \$ (77,254) | (1.1%) | \$ 6,879,493 | \$ 124,724 | 1.8% |
| Total Assets | \$ 295,498,565 | \$ 306,784,246 | \$ (11,285,680) | (3.7%) | \$ 285,406,326 | \$ 10,092,240 | 3.5% |
| LIABILITIES AND STOCKHOLDER'S EQUITY | | | | | | | |
| Medical claims payable | \$ 82,745,397 | \$ 84,383,294 | \$ (1,637,897) | 1.9% | \$ 75,762,147 | \$ 6,983,250 | (9.2%) |
| Other medical payable | \$ 16,295,511 | \$ 20,353,260 | \$ (4,057,748) | 19.9% | \$ 20,364,998 | \$ (4,069,486) | 20.0% |
| Accounts payable & other liabilities | \$ 64,903,098 | \$ 74,059,575 | \$ (9,156,477) | 12.4% | \$ 57,566,446 | \$ 7,336,652 | (12.7%) |
| Provider incentive liability | \$ 23,649,523 | \$ 21,211,374 | \$ 2,438,149 | (11.5%) | \$ 8,185,162 | \$ 15,464,361 | (188.9%) |
| Unearned Premium | \$ 16,608,925 | \$ 15,906,061 | \$ 702,865 | (4.4%) | \$ 14,838,161 | \$ 1,770,764 | (11.9%) |
| Accrued Compensation | \$ 6,658,706 | \$ 6,533,363 | \$ 125,343 | (1.9%) | \$ 5,533,139 | \$ 1,125,568 | (20.3%) |
| Lease Liability Short Term | \$ 937,318 | \$ 936,048 | \$ 1,270 | (0.1%) | \$ 793,725 | \$ 143,593 | (18.1%) |
| Income Taxes Payable | \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | 0.0% |
| Total Current Liabilities | \$ 211,798,479 | \$ 223,382,974 | \$ (11,584,496) | 5.2% | \$ 183,043,777 | \$ 28,754,702 | (15.7%) |
| VMG Liability Valuation | \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | 0.0% |
| Lease Liability Long Term | \$ 5,686,932 | \$ 5,765,456 | \$ (78,524) | 1.4% | \$ 6,023,268 | \$ (336,336) | (5.6%) |
| Subordinated note commitment | \$ 20,000,000 | \$ 20,000,000 | \$ - | 0.0% | \$ 20,000,000 | \$ - | 0.0% |
| Total Liabilities | \$ 237,485,411 | \$ 249,148,430 | \$ (11,663,020) | 4.7% | \$ 209,067,045 | \$ 28,418,366 | 13.6% |
| Surplus Contribution from Affiliated Companies | \$ 5,000,000 | \$ 5,000,000 | \$ - | 0.0% | \$ 5,000,000 | \$ - | 0.0% |
| Unrealized Gains/(Losses) | \$ (21,283,870) | \$ (19,553,673) | \$ (1,730,198) | (8.8%) | \$ 541,929 | \$ (21,825,799) | (4027.4%) |
| Unallocated Surplus | \$ 74,297,025 | \$ 72,189,488 | \$ 2,107,537 | 2.9% | \$ 70,797,352 | \$ 3,499,673 | 4.9% |
| Total Unrestricted Net Assets | \$ 295,498,565 | \$ 306,784,246 | \$ (11,285,680) | (3.7%) | \$ 285,406,326 | \$ 10,092,240 | 3.5% |
| Current Ratio | 1.3439 | 1.3254 | | | 1.4980 | | |

DRAFT
HEALTH NEW ENGLAND, INC.
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE 12 MONTHS ENDED DECEMBER, 2022
UNAUDITED

| CURRENT ACTUALS | CURRENT BUDGET | VARIANCE Fav/ (Unfav) | | YTD ACTUAL | YTD BUDGET | VARIANCE Fav/ (Unfav) | | YTD PY ACTUAL | PRIOR YTD ACTUAL | 2022 BUDGET |
|---|----------------|-----------------------|-----------|-----------------|-----------------|-----------------------|-----------|----------------|------------------|-----------------|
| 133,600 | 132,278 | 1,322 | 1.0% | 1,605,465 | 1,572,318 | 33,147 | 2.1% | N/A | 1,528,256 | 1,572,318 |
| 51,631 | 50,862 | 769 | 1.3% | 607,899 | 604,500 | 3,399 | 0.6% | N/A | 600,238 | 604,500 |
| 185,231 | 183,240 | 1,991 | 1.1% | 2,213,364 | 2,176,818 | 36,546 | 1.7% | N/A | 2,128,494 | 2,176,818 |
| Revenues | | | | | | | | | | |
| \$ 33,147,004 | \$ 37,192,651 | \$ (4,045,647) | (10.9%) | \$ 405,620,960 | \$ 421,643,212 | \$ (16,022,252) | (3.8%) | \$ (343,514) | \$ 387,921,640 | \$ 421,643,212 |
| \$ 5,339,281 | \$ 4,769,770 | \$ 569,511 | 11.9% | \$ 65,285,551 | \$ 56,000,718 | \$ 9,284,832 | 16.6% | \$ (75,666) | \$ 52,414,453 | \$ 56,000,718 |
| \$ 9,103,926 | \$ 11,099,886 | \$ (1,995,960) | (18.0%) | \$ 115,190,510 | \$ 126,958,431 | \$ (11,767,921) | (9.3%) | \$ 2,387,254 | \$ 102,078,902 | \$ 126,958,431 |
| \$ - | \$ - | \$ - | 0.0% | \$ 3,356,356 | \$ - | \$ 3,356,356 | 0.0% | \$ 3,356,356 | \$ - | \$ - |
| \$ 30,811,500 | \$ 25,073,048 | \$ 5,738,453 | 22.9% | \$ 347,270,490 | \$ 309,864,736 | \$ 37,405,755 | 12.1% | \$ 1,376,025 | \$ 321,186,204 | \$ 309,864,736 |
| \$ 2,436,804 | \$ 416,491 | \$ 2,020,313 | 485.1% | \$ 3,769,943 | \$ 5,147,198 | \$ (1,377,255) | (26.8%) | \$ 3,512,055 | \$ (5,147,387) | \$ 5,147,198 |
| \$ 876,890 | \$ 754,892 | \$ 121,998 | 16.2% | \$ 10,016,725 | \$ 8,631,901 | \$ 1,384,824 | 16.0% | \$ (643) | \$ 5,947,268 | \$ 8,631,901 |
| \$ 81,715,405 | \$ 79,306,738 | \$ 2,408,668 | 3.0% | \$ 950,510,535 | \$ 928,246,197 | \$ 22,264,339 | 2.4% | \$ 10,211,868 | \$ 866,565,522 | \$ 928,246,197 |
| \$ 53,911 | \$ - | \$ 53,911 | 0.0% | \$ 864,613 | \$ - | \$ 864,613 | 0.0% | \$ - | \$ 285,938 | \$ - |
| \$ (1,675,540) | \$ (385,884) | \$ (1,289,655) | (334.2%) | \$ (15,353,475) | \$ (4,580,121) | \$ (10,773,354) | (235.2%) | \$ (4,517,051) | \$ (4,690,433) | \$ (4,580,121) |
| \$ 1,301,194 | \$ 1,239,813 | \$ 61,381 | 5.0% | \$ 14,667,208 | \$ 14,703,196 | \$ (35,988) | (0.2%) | \$ - | \$ 14,481,240 | \$ 14,703,196 |
| \$ 225,768 | \$ - | \$ 225,768 | 0.0% | \$ 3,687,961 | \$ - | \$ 3,687,961 | 0.0% | \$ - | \$ 3,618,501 | \$ - |
| \$ (69,726) | \$ - | \$ (69,726) | 0.0% | \$ (68,162) | \$ - | \$ (68,162) | 0.0% | \$ - | \$ (944,742) | \$ - |
| \$ 81,551,012 | \$ 80,160,667 | \$ 1,390,345 | 1.7% | \$ 954,308,679 | \$ 938,369,272 | \$ 15,939,408 | 1.7% | \$ 5,694,817 | \$ 879,316,027 | \$ 938,369,272 |
| Medical Expenses | | | | | | | | | | |
| \$ 24,386,697 | \$ 28,723,824 | \$ 4,337,127 | 15.1% | \$ 318,379,721 | \$ 346,860,530 | \$ 28,480,809 | 8.2% | \$ - | \$ 328,404,241 | \$ 346,860,530 |
| \$ 486,423 | \$ 34,229 | \$ (452,194) | (1321.1%) | \$ 5,781,580 | \$ 402,681 | \$ (5,378,899) | (1335.8%) | \$ - | \$ (48,233) | \$ 402,681 |
| \$ 9,462,660 | \$ 9,115,711 | \$ (346,948) | (3.8%) | \$ 111,410,540 | \$ 106,919,847 | \$ (4,490,693) | (4.2%) | \$ - | \$ 106,919,799 | \$ 106,919,847 |
| \$ (5,095,612) | \$ (3,064,595) | \$ (2,031,017) | 66.3% | \$ (34,924,467) | \$ (36,052,546) | \$ (1,128,079) | (3.1%) | \$ - | \$ (29,541,621) | \$ (36,052,546) |
| \$ 1,752,032 | \$ 818,270 | \$ (933,762) | (114.1%) | \$ 7,565,402 | \$ 9,626,303 | \$ (2,060,901) | (21.4%) | \$ (2,095,198) | \$ 9,229,512 | \$ 9,626,303 |
| \$ 30,992,201 | \$ 35,627,440 | \$ 4,635,239 | (13.0%) | \$ 408,212,776 | \$ 427,756,814 | \$ 19,544,038 | 4.6% | \$ (2,095,198) | \$ 414,326,698 | \$ 427,756,814 |
| \$ 8,720,965 | \$ 8,185,086 | \$ (535,878) | (6.5%) | \$ 88,289,395 | \$ 98,067,675 | \$ 9,778,281 | 10.0% | \$ - | \$ 82,214,581 | \$ 98,067,675 |
| \$ (46,552) | \$ - | \$ 46,552 | 0.0% | \$ 1,265,147 | \$ - | \$ (1,265,147) | 0.0% | \$ - | \$ 661,656 | \$ - |
| \$ 771,536 | \$ 1,492,878 | \$ 721,342 | 48.3% | \$ 14,651,216 | \$ 18,160,996 | \$ 3,509,780 | 19.3% | \$ - | \$ 12,295,578 | \$ 18,160,996 |
| \$ (936,839) | \$ (548,350) | \$ (388,489) | 70.8% | \$ (6,382,429) | \$ (6,171,049) | \$ (211,380) | 3.4% | \$ - | \$ (4,996,983) | \$ (6,171,049) |
| \$ 1,026,257 | \$ 1,772,821 | \$ (756,564) | (42.7%) | \$ 1,030,176 | \$ 1,944,906 | \$ 914,730 | 47.0% | \$ (376,225) | \$ 1,293,326 | \$ 1,944,906 |
| \$ 9,535,367 | \$ 9,302,436 | \$ (232,931) | (2.5%) | \$ 98,853,505 | \$ 112,002,528 | \$ 13,149,023 | 11.7% | \$ (376,225) | \$ 91,868,158 | \$ 112,002,528 |
| \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - | 0.0% | \$ - | \$ (11,765) | \$ - |
| \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - |
| \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - |
| \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - |
| \$ (235) | \$ - | \$ 235 | 0.0% | \$ (42,528) | \$ - | \$ 42,528 | 0.0% | \$ (42,528) | \$ (30,112) | \$ - |
| \$ (235) | \$ - | \$ 235 | 0.0% | \$ (42,528) | \$ - | \$ 42,528 | 0.0% | \$ (42,528) | \$ (41,878) | \$ - |
| \$ 18,604,407 | \$ 15,730,055 | \$ (2,874,352) | (18.3%) | \$ 220,622,394 | \$ 194,399,552 | \$ (26,222,842) | (13.5%) | \$ - | \$ 198,324,485 | \$ 194,399,552 |
| \$ 1,246,423 | \$ 531,235 | \$ (715,187) | (134.6%) | \$ 5,246,409 | \$ 6,565,263 | \$ 1,318,854 | 20.1% | \$ - | \$ 915,744 | \$ 6,565,263 |
| \$ 8,002,919 | \$ 6,696,700 | \$ (1,306,219) | (19.5%) | \$ 89,591,668 | \$ 82,761,031 | \$ (6,830,636) | (8.3%) | \$ - | \$ 81,472,945 | \$ 82,761,031 |
| \$ (277,152) | \$ (76,983) | \$ (200,169) | 260.0% | \$ (1,203,542) | \$ (951,392) | \$ (252,150) | 26.5% | \$ - | \$ (1,416,741) | \$ (951,392) |
| \$ 1,987,383 | \$ 301,038 | \$ (1,686,345) | (560.2%) | \$ 7,051,742 | \$ 3,720,366 | \$ (3,331,375) | (89.5%) | \$ 2,667,706 | \$ 7,033,795 | \$ 3,720,366 |
| \$ 29,563,980 | \$ 23,182,045 | \$ (6,381,935) | (27.5%) | \$ 321,308,658 | \$ 286,494,820 | \$ (34,813,838) | (12.2%) | \$ 2,667,706 | \$ 286,330,228 | \$ 286,494,820 |
| \$ 769,611 | \$ 641,658 | \$ (127,953) | (19.9%) | \$ 8,818,261 | \$ 7,337,116 | \$ (1,481,145) | (20.2%) | \$ - | \$ 5,338,048 | \$ 7,337,116 |
| \$ 169,496 | \$ - | \$ (169,496) | 0.0% | \$ 2,313,779 | \$ - | \$ (2,313,779) | 0.0% | \$ - | \$ 150,435 | \$ - |
| \$ (48,190) | \$ - | \$ (48,190) | 0.0% | \$ (419,018) | \$ - | \$ (419,018) | 0.0% | \$ - | \$ - | \$ - |
| \$ (9,084) | \$ - | \$ (9,084) | 0.0% | \$ (173,659) | \$ - | \$ (173,659) | 0.0% | \$ (217,155) | \$ (49,493) | \$ - |
| \$ 881,833 | \$ 641,658 | \$ (240,175) | (37.4%) | \$ 10,539,363 | \$ 7,337,116 | \$ (3,202,247) | (43.6%) | \$ (217,155) | \$ 5,638,991 | \$ 7,337,116 |
| \$ 70,973,145 | \$ 68,753,979 | \$ (2,219,166) | (3.2%) | \$ 838,871,773 | \$ 833,591,279 | \$ (5,280,494) | (0.6%) | \$ (63,399) | \$ 798,122,197 | \$ 833,591,279 |
| 86.3% | 86.7% | -0.2% | | 88.3% | 89.8% | 1.5% | | -0.6% | 92.1% | 89.8% |
| Administrative Expenses | | | | | | | | | | |
| \$ 3,886,096 | \$ 4,596,377 | \$ 710,281 | 15.5% | \$ 52,790,787 | \$ 52,036,312 | \$ (754,475) | (1.4%) | \$ - | \$ 51,970,416 | \$ 52,036,312 |
| \$ 194,040 | \$ 172,250 | \$ (21,790) | (12.7%) | \$ 1,237,976 | \$ 1,568,500 | \$ 330,524 | 21.1% | \$ - | \$ 1,193,148 | \$ 1,568,500 |
| \$ 150,349 | \$ 156,747 | \$ 6,399 | 4.1% | \$ 1,858,520 | \$ 1,878,018 | \$ 19,498 | 1.0% | \$ - | \$ 1,718,653 | \$ 1,878,018 |
| \$ 199,615 | \$ 170,102 | \$ (29,513) | (17.4%) | \$ 2,469,607 | \$ 2,041,222 | \$ (428,385) | (21.0%) | \$ - | \$ 2,458,578 | \$ 2,041,222 |
| \$ 1,545,002 | \$ 1,269,176 | \$ (275,826) | (21.7%) | \$ 14,064,706 | \$ 14,537,293 | \$ 472,586 | 3.3% | \$ - | \$ 10,875,875 | \$ 14,537,293 |
| \$ 2,782,427 | \$ 1,468,044 | \$ (1,314,382) | (89.5%) | \$ 24,169,287 | \$ 18,695,708 | \$ (5,473,579) | (29.3%) | \$ - | \$ 22,031,773 | \$ 18,695,708 |
| \$ (641,359) | \$ 594,750 | \$ 1,236,109 | 207.8% | \$ 5,126,129 | \$ 6,933,947 | \$ 1,807,818 | 26.1% | \$ (1,096,466) | \$ 7,066,964 | \$ 6,933,947 |
| \$ 8,116,169 | \$ 8,427,446 | \$ 311,277 | 3.7% | \$ 101,717,013 | \$ 97,691,001 | \$ (4,026,012) | (4.1%) | \$ (1,096,466) | \$ 97,315,587 | \$ 97,691,001 |
| Other Administrative Expenses | | | | | | | | | | |
| \$ 19,589 | \$ 15,500 | \$ (4,089) | (26.4%) | \$ 209,303 | \$ 170,500 | \$ (38,803) | (22.8%) | \$ - | \$ 187,885 | \$ 170,500 |
| \$ 121,736 | \$ 100,000 | \$ (21,736) | (21.7%) | \$ 1,489,214 | \$ 1,200,000 | \$ (289,214) | (24.1%) | \$ - | \$ 1,195,026 | \$ 1,200,000 |
| \$ 780,284 | \$ 854,502 | \$ 74,218 | 8.7% | \$ 11,091,209 | \$ 10,938,500 | \$ (152,709) | (1.4%) | \$ (16,000) | \$ 10,584,850 | \$ 10,938,500 |
| \$ 9,037,779 | \$ 9,397,448 | \$ 359,670 | 3.8% | \$ 114,506,739 | \$ 110,000,001 | \$ (4,506,739) | (4.1%) | \$ (1,112,466) | \$ 109,283,348 | \$ 110,000,001 |
| \$ 80,010,923 | \$ 78,151,027 | \$ (1,859,896) | (2.4%) | \$ 953,378,512 | \$ 943,591,279 | \$ (9,787,233) | (1.0%) | \$ (1,175,866) | \$ 907,405,545 | \$ 943,591,279 |
| \$ 1,540,089 | \$ 2,009,639 | \$ (469,551) | (23.4%) | \$ 930,167 | \$ (5,222,008) | \$ 6,152,175 | 117.8% | \$ 6,870,683 | \$ (28,089,518) | \$ (5,222,008) |
| \$ 566,293 | \$ 266,667 | \$ 299,626 | 112.4% | \$ 2,527,266 | \$ 3,200,000 | \$ (672,734) | (21.0%) | \$ - | \$ 13,884,880 | \$ 3,200,000 |
| \$ 2,106,381 | \$ 2,276,306 | \$ (169,925) | (7.5%) | \$ 3,457,433 | \$ (2,022,008) | \$ 5,479,440 | 271.0% | \$ 6,870,683 | \$ (14,204,638) | \$ (2,022,008) |
| \$ (1,155) | \$ - | \$ 1,155 | 0.0% | \$ (42,240) | \$ - | \$ 42,240 | 0.0% | \$ - | \$ 14,635 | \$ - |
| \$ 2,107,537 | \$ 2,276,306 | \$ (171,080) | (7.5%) | \$ 3,499,673 | \$ (2,022,008) | \$ 5,437,200 | 268.9% | \$ 6,870,683 | \$ (14,219,274) | \$ (2,022,008) |
| 2.6% | 2.8% | -0.3% | | 0.4% | -0.2% | 0.6% | | 120.6% | -1.6% | -0.2% |
| Other Changes in Net Assets | | | | | | | | | | |
| \$ (1,730,198) | \$ - | \$ (1,730,198) | 0.0% | \$ (21,825,799) | \$ - | \$ (21,825,799) | 0.0% | \$ - | \$ - | \$ - |
| \$ 377,339 | \$ - | \$ 377,339 | 0.0% | \$ (18,326,126) | \$ - | \$ (18,326,126) | 0.0% | \$ - | \$ - | \$ - |
| Summary of Changes in Net Assets | | | | | | | | | | |
| Unallocated Surplus at Beginning of the Year | | | | \$ 70,797,352 | | | | | | |
| Current Year to date Earnings | | | | \$ 3,499,673 | | | | | | |
| Unallocated Surplus at End of Period | | | | \$ 74,297,025 | | | | | | |
| Summary of Other Changes in Net Assets Unrealized Gains/(Loss) | | | | | | | | | | |
| Unrealized Gain/(Loss) Beginning of the year | | | | \$ 541,929 | | | | | | |
| Current Year to date Earnings | | | | \$ (21,825,799) | | | | | | |
| Unrealized Gain/(Loss) End of Period | | | | \$ (21,283,870) | | | | | | |
| Current Year | | | | \$ (3,371,010) | | | | | | |
| Prior Year | | | | \$ 6,870,683 | | | | | | |
| Check | | | | \$ - | | | | | | |

| Summary of Changes in Net Assets | |
|--|---------------|
| Unallocated Surplus at Beginning of the Year | \$ 70,797,352 |
| Current Year to date Earnings | \$ 3,499,673 |
| Unallocated Surplus at End of Period | \$ 74,297,025 |

| Summary of Other Changes in Net Assets Unrealized Gains/(Loss) | |
|--|-----------------|
| Unrealized Gain/(Loss) Beginning of the year | \$ 541,929 |
| Current Year to date Earnings | \$ (21,825,799) |
| Unrealized Gain/(Loss) End of Period | \$ (21,283,870) |

DRAFT
HEALTH NEW ENGLAND, INC.
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE 12 MONTHS ENDED DECEMBER, 2022
UNAUDITED

| CURRENT ACTUALS | CURRENT BUDGET | VARIANCE Fav/ (Unfav) | | YTD ACTUAL | YTD BUDGET | VARIANCE Fav/ (Unfav) |
|--------------------------------------|------------------|-----------------------|---|------------------|------------------|-----------------------|
| 59,712 | 65,214 | (5,502) | HMO Member months | 745,204 | 767,399 | (22,195) |
| 8,969 | 8,704 | 265 | PPO Member months | 110,526 | 102,206 | 8,320 |
| 10,406 | 13,157 | (2,751) | Medicare Member Months | 122,123 | 148,067 | (25,944) |
| - | - | - | Medicaid MCO Member months | - | - | - |
| 49,953 | 41,425 | 8,528 | Medicaid ACO Member months | 575,804 | 511,950 | 63,854 |
| 4,560 | 3,778 | 782 | Med Supp Member months | 51,808 | 42,696 | 9,112 |
| 51,631 | 50,962 | 669 | ASO Member Months | 607,899 | 604,500 | 3,399 |
| 185,231 | 183,240 | 1,991 | Total Member Months | 2,213,364 | 2,176,818 | 36,546 |
| Revenues | | | | | | |
| \$ 555.11 | \$ 570.32 | \$ (15.20) | Commercial Group Revenue | \$ 544.31 | \$ 549.44 | \$ (5.14) |
| \$ 595.30 | \$ 548.00 | \$ 47.31 | PPO Revenue | \$ 590.68 | \$ 547.92 | \$ 42.76 |
| \$ 874.87 | \$ 843.65 | \$ 31.22 | Medicare Revenue | \$ 943.23 | \$ 857.44 | \$ 85.79 |
| \$ - | \$ - | \$ - | Medicaid Revenue (MCO) | \$ - | \$ - | \$ - |
| \$ 616.81 | \$ 605.26 | \$ 11.55 | Medicaid Revenue (ACO) | \$ 603.11 | \$ 605.26 | \$ (2.16) |
| \$ 48.78 | \$ 10.05 | \$ 38.73 | Medicaid Corridor (ACO) | \$ 6.55 | \$ 10.05 | \$ (3.51) |
| \$ 192.30 | \$ 199.81 | \$ (7.51) | Medicare Supplement Revenue | \$ 193.34 | \$ 202.17 | \$ (8.83) |
| \$ 611.64 | \$ 599.55 | \$ 12.10 | Total Premium Revenue | \$ 592.05 | \$ 590.37 | \$ 1.68 |
| \$ 1.08 | \$ - | \$ 1.08 | Medicaid ACO - DSRIP Income | \$ 1.50 | \$ - | \$ 1.50 |
| \$ (24.40) | \$ (5.22) | \$ (19.18) | ACA Revenue Offsets | \$ (17.94) | \$ (5.27) | \$ (12.68) |
| \$ 25.20 | \$ 24.33 | \$ 0.87 | HNE Advisory Services Revenue | \$ 24.13 | \$ 24.32 | \$ (0.20) |
| \$ 3.29 | \$ - | \$ 3.29 | Other Revenue | \$ 4.31 | \$ - | \$ 4.31 |
| \$ (0.38) | \$ - | \$ (0.38) | Bad Debt Allowance | \$ (0.03) | \$ - | \$ (0.03) |
| \$ 625.87 | \$ 620.96 | \$ 4.92 | Total Revenue | \$ 609.40 | \$ 611.78 | \$ (2.37) |
| Medical Expenses | | | | | | |
| \$ 355.07 | \$ 388.59 | \$ 33.52 | Medical Expense - Commercial | \$ 372.06 | \$ 398.87 | \$ 26.82 |
| \$ 7.08 | \$ 0.46 | \$ (6.62) | Provider Incentive/(Deficit) - Commercial | \$ 6.76 | \$ 0.46 | \$ (6.29) |
| \$ 137.78 | \$ 123.32 | \$ (14.46) | Pharmacy Expense - Commercial | \$ 130.19 | \$ 122.95 | \$ (7.24) |
| \$ (74.19) | \$ (41.46) | \$ 32.73 | Pharmacy Rebates - Commercial | \$ (40.81) | \$ (41.46) | \$ (0.65) |
| \$ 25.51 | \$ 11.07 | \$ (14.44) | Other Medical Costs - Commercial | \$ 8.84 | \$ 11.07 | \$ 2.23 |
| \$ 451.25 | \$ 481.99 | \$ 30.74 | Subtotal medical expense - Commercial | \$ 477.03 | \$ 491.90 | \$ 14.86 |
| \$ 838.07 | \$ 622.11 | \$ (215.96) | Medical Expense - Medicare | \$ 722.95 | \$ 662.32 | \$ (60.64) |
| \$ (4.47) | \$ - | \$ 4.47 | Provider Incentive/(Deficit) - Medicare | \$ 10.36 | \$ - | \$ (10.36) |
| \$ 74.14 | \$ 113.47 | \$ 39.32 | Pharmacy Expense - Medicare | \$ 119.97 | \$ 122.65 | \$ 2.68 |
| \$ (90.03) | \$ (41.68) | \$ 48.35 | Pharmacy Rebates - Medicare | \$ (52.26) | \$ (41.68) | \$ 10.58 |
| \$ 98.62 | \$ 13.14 | \$ (85.49) | Other Medical Costs - Medicare | \$ 8.44 | \$ 13.14 | \$ 4.70 |
| \$ 916.33 | \$ 707.03 | \$ (209.30) | Subtotal medical exp - Medicare | \$ 809.46 | \$ 756.43 | \$ (53.03) |
| \$ - | \$ - | \$ - | Medical Expense - Medicaid (MCO) | \$ - | \$ - | \$ - |
| \$ - | \$ - | \$ - | Provider Incentive/(Deficit) - Medicaid (MCO) | \$ - | \$ - | \$ - |
| \$ - | \$ - | \$ - | Pharmacy Expense - Medicaid (MCO) | \$ - | \$ - | \$ - |
| \$ - | \$ - | \$ - | Pharmacy Rebates - Medicaid (MCO) | \$ - | \$ - | \$ - |
| \$ - | \$ - | \$ - | Other Medical Costs - Medicaid (MCO) | \$ - | \$ - | \$ - |
| \$ - | \$ - | \$ - | Subtotal medical exp - Medicaid (MCO) | \$ - | \$ - | \$ - |
| \$ 372.44 | \$ 379.72 | \$ 7.29 | Medical Expense - Medicaid (ACO) | \$ 383.16 | \$ 379.72 | \$ (3.43) |
| \$ 24.95 | \$ 12.82 | \$ (12.13) | Provider Incentive/(Deficit) - Medicaid (ACO) | \$ 9.11 | \$ 12.82 | \$ 3.71 |
| \$ 160.21 | \$ 161.66 | \$ 1.45 | Pharmacy Expense - Medicaid (ACO) | \$ 155.59 | \$ 161.66 | \$ 6.06 |
| \$ (5.55) | \$ (1.86) | \$ 3.69 | Pharmacy Rebates - Medicaid (ACO) | \$ (2.09) | \$ (1.86) | \$ 0.23 |
| \$ 39.79 | \$ 7.27 | \$ (32.52) | Other Medical Costs - Medicaid (ACO) | \$ 12.25 | \$ 7.27 | \$ (4.98) |
| \$ 591.84 | \$ 559.61 | \$ (32.22) | Subtotal medical exp - Medicaid (ACO) | \$ 558.02 | \$ 559.61 | \$ 1.60 |
| \$ 168.77 | \$ 169.84 | \$ 1.07 | Med Supp Medical Exp | \$ 170.21 | \$ 171.85 | \$ 1.64 |
| \$ 37.17 | \$ - | \$ (37.17) | Pharmacy Expense - Med Supp | \$ 44.66 | \$ - | \$ (44.66) |
| \$ (10.57) | \$ - | \$ 10.57 | Pharmacy Rebates - Med Supp | \$ (8.09) | \$ - | \$ 8.09 |
| \$ (1.99) | \$ - | \$ 1.99 | Other Medical Costs - Med Supp | \$ (3.35) | \$ - | \$ 3.35 |
| \$ 193.38 | \$ 169.84 | \$ (23.54) | Subtotal medical exp - Med Supp | \$ 203.43 | \$ 171.85 | \$ (31.59) |
| \$ 531.24 | \$ 519.77 | \$ (11.47) | Total Medical Expenses | \$ 522.51 | \$ 530.17 | \$ 7.66 |
| Administrative Expenses | | | | | | |
| \$ 29.09 | \$ 34.75 | \$ 5.66 | Personnel related (page 6) | \$ 32.88 | \$ 33.10 | \$ 0.21 |
| \$ 1.45 | \$ 1.30 | \$ (0.15) | Advertising and Promotion | \$ 0.77 | \$ 1.00 | \$ 0.23 |
| \$ 1.13 | \$ 1.18 | \$ 0.06 | Occupancy expense | \$ 1.16 | \$ 1.19 | \$ 0.04 |
| \$ 1.49 | \$ 1.29 | \$ (0.21) | Depreciation and Amortization | \$ 1.54 | \$ 1.30 | \$ (0.24) |
| \$ 11.56 | \$ 9.59 | \$ (1.97) | Professional Fees | \$ 8.76 | \$ 9.25 | \$ 0.49 |
| \$ 20.84 | \$ 11.89 | \$ (8.95) | Operating expense (page 6) | \$ 15.93 | \$ 12.70 | \$ (3.23) |
| \$ (4.80) | \$ 4.50 | \$ 9.30 | Provider Access Fees & User Fees | \$ 3.19 | \$ 4.41 | \$ 1.22 |
| \$ 15.73 | \$ 14.25 | \$ (1.48) | Admin Cost Allocation | \$ 14.39 | \$ 14.43 | \$ 0.05 |
| \$ 76.49 | \$ 78.75 | \$ 2.27 | Total Administrative Expenses | \$ 78.62 | \$ 77.37 | \$ (1.25) |
| Other Administrative Expenses | | | | | | |
| \$ 0.15 | \$ 0.12 | \$ (0.03) | ACA Taxes | \$ 0.13 | \$ 0.11 | \$ (0.02) |
| \$ 0.91 | \$ 0.76 | \$ (0.16) | Premium Tax Expense | \$ 0.93 | \$ 0.76 | \$ (0.16) |
| \$ 5.84 | \$ 6.46 | \$ 0.62 | Broker Compensation Expense | \$ 6.91 | \$ 6.96 | \$ 0.05 |
| \$ 83.39 | \$ 86.09 | \$ 2.70 | Total Other Administrative Expenses | \$ 86.58 | \$ 85.20 | \$ (1.38) |
| \$ 614.62 | \$ 605.85 | \$ (8.77) | Total Operating Expenses | \$ 609.09 | \$ 615.37 | \$ 6.27 |
| \$ 11.25 | \$ 15.10 | \$ (3.85) | Net underwriting gain/(loss) | \$ 0.31 | \$ (3.59) | \$ 3.90 |
| \$ 3.06 | \$ 1.46 | \$ 1.60 | Investment Income | \$ 1.14 | \$ 1.47 | \$ (0.33) |
| \$ 14.31 | \$ 16.56 | \$ (2.25) | Oper. Income before assessments | \$ 1.45 | \$ (2.12) | \$ 3.57 |
| \$ (0.01) | \$ - | \$ 0.01 | Provision (Benefit) for income taxes | \$ (0.02) | \$ - | \$ 0.02 |
| \$ 14.31 | \$ 16.56 | \$ (2.26) | Excess of Revenues over (Expenses) | \$ 1.47 | \$ (2.12) | \$ 3.55 |

DRAFT
HEALTH NEW ENGLAND, INC.
LINE OF BUSINESS STATEMENT OF OPERATIONS
AS OF DECEMBER, 2022
UNAUDITED

DRAFT
HEALTH NEW ENGLAND, INC.
LINE OF BUSINESS STATEMENT OF OPERATIONS
FOR THE MONTH OF DECEMBER, 2022
UNAUDITED

| | COMMERCIAL ACTUAL | ASO ACTUAL | MED SUPP ACTUAL | MEDICARE ACTUAL | MEDICAID MCO ACTUAL | MEDICAID ACO ACTUAL | TOTAL ACTUAL |
|--------------------------------------|-----------------------|----------------------|-----------------------|-----------------------|------------------------|------------------------|-----------------------|
| Total Member months | 855,730 | 607,899 | 51,808 | 122,123 | - | 575,804 | 2,213,364 |
| REVENUE | | | | | | | |
| Premium Revenue | \$ 470,906,511 | \$ - | \$ 10,016,725 | \$ 115,190,510 | \$ 3,356,356 | \$ 351,040,434 | \$ 950,510,535 |
| Other Revenue | \$ (12,145,631) | \$ 14,667,208 | \$ (24,988) | \$ (74,942) | \$ - | \$ 1,376,498 | \$ 3,798,144 |
| Total Revenue | \$ 458,760,880 | \$ 14,667,208 | \$ 9,991,737 | \$ 115,115,567 | \$ 3,356,356 | \$ 352,416,932 | \$ 954,308,679 |
| OPERATING EXPENSES | | | | | | | |
| Medical expenses: | | | | | | | |
| Net Medical Expense | \$ 318,379,721 | \$ - | \$ 8,818,261 | \$ 88,289,395 | \$ - | \$ 220,622,394 | \$ 636,109,771 |
| Bonus/Withhold Return | \$ 5,781,580 | \$ - | \$ - | \$ 1,265,147 | \$ - | \$ 5,246,409 | \$ 12,293,136 |
| Pharmacy Expense | \$ 111,410,540 | \$ - | \$ 2,313,779 | \$ 14,651,216 | \$ - | \$ 89,591,668 | \$ 217,967,202 |
| Pharmacy Rebates | \$ (34,924,467) | \$ - | \$ (419,018) | \$ (6,382,429) | \$ - | \$ (1,203,554) | \$ (42,929,469) |
| Other Medical Adjustments | \$ 7,565,402 | \$ - | \$ (173,659) | \$ 1,030,176 | \$ (42,528) | \$ 7,051,742 | \$ 15,431,132 |
| Subtotal medical expense | \$ 408,212,776 | \$ - | \$ 10,539,363 | \$ 98,853,505 | \$ (42,528) | \$ 321,308,658 | \$ 838,871,773 |
| Net uw gain/(loss) pre admin | \$ 50,548,104 | \$ 14,667,208 | \$ (547,626) | \$ 16,262,062 | \$ 3,398,885 | \$ 31,108,274 | \$ 115,436,906 |
| | 86.7% | 0.0% | 105.2% | 85.8% | 0.0% | 91.5% | 88.3% |
| Administrative Expenses | | | | | | | |
| Direct | \$ 22,642,816 | \$ 853,050 | \$ 1,122,202 | \$ 6,251,151 | \$ - | \$ 3,930,980 | \$ 34,800,201 |
| Indirect | \$ 30,325,118 | \$ 14,076,752 | \$ 596,806 | \$ 7,562,717 | \$ - | \$ 27,145,146 | \$ 79,706,539 |
| Total administrative expenses | \$ 52,967,934 | \$ 14,929,802 | \$ 1,719,008 | \$ 13,813,868 | \$ - | \$ 31,076,127 | \$ 114,506,739 |
| | 11.5% | 101.8% | 17.2% | 12.0% | 0.0% | 8.8% | 12.0% |
| Total operating expenses | \$ 461,180,710 | \$ 14,929,802 | \$ 12,258,371 | \$ 112,667,373 | \$ (42,528) | \$ 352,384,785 | \$ 953,378,512 |
| Net underwriting gain/(loss) | \$ (2,419,830) | \$ (262,594) | \$ (2,266,634) | \$ 2,448,194 | \$ 3,398,885 | \$ 32,147 | \$ 930,167 |
| Investment Income | \$ 2,507,145 | \$ - | \$ 20,120 | \$ - | \$ - | \$ - | \$ 2,527,266 |
| Pretax gain (loss) | \$ 87,315 | \$ (262,594) | \$ (2,246,514) | \$ 2,448,194 | \$ 3,398,885 | \$ 32,147 | \$ 3,457,433 |
| Gain | \$ (2,419,830) | | | \$ 2,448,194 | | \$ 32,147 | |
| Provider Incentive | \$ 5,781,580 | | | \$ 1,265,147 | | \$ 5,246,409 | |
| Prior Year Impact | \$ 2,841,033 | | | \$ (2,763,479) | | \$ (2,220,375) | |
| Gain + Prov Inc | \$ 6,202,783 | | | \$ 949,862 | | \$ 9,731,724 | |
| Amt to share | \$ 620,278 | | | \$ 379,945 | | \$ 4,865,867 | |
| Variance to GL | \$ 5,161,302 | | | \$ 885,202 | | \$ 380,541 | |

Medicaid Adim @42.38
24402573.52
Disallowed \$ 6,673,553

| | COMMERCIAL ACTUAL | ASO ACTUAL | MED SUPP ACTUAL | MEDICARE ACTUAL | MEDICAID MCO ACTUAL | MEDICAID ACO ACTUAL | TOTAL ACTUAL |
|--------------------------------------|----------------------|---------------------|---------------------|-----------------------|------------------------|------------------------|----------------------|
| Total Member months | 68,681 | 51,631 | 4,560 | 10,406 | - | 49,953 | 185,231 |
| REVENUE | | | | | | | |
| Premium Revenue | \$ 38,486,285 | \$ - | \$ 876,890 | \$ 9,103,926 | \$ - | \$ 33,248,305 | \$ 81,715,405 |
| Other Revenue | \$ (1,386,934) | \$ 1,301,194 | \$ (9,715) | \$ (9,268) | \$ - | \$ (59,671) | \$ (164,393) |
| Total Revenue | \$ 37,099,351 | \$ 1,301,194 | \$ 867,175 | \$ 9,094,658 | \$ - | \$ 33,188,634 | \$ 81,551,012 |
| OPERATING EXPENSES | | | | | | | |
| Medical expenses: | | | | | | | |
| Net Medical Expense | \$ 24,386,697 | \$ - | \$ 769,611 | \$ 8,720,965 | \$ - | \$ 18,604,407 | \$ 52,481,680 |
| Bonus/Withhold Return | \$ 486,423 | \$ - | \$ - | \$ (46,552) | \$ - | \$ 1,246,423 | \$ 1,686,294 |
| Pharmacy Expense | \$ 9,462,660 | \$ - | \$ 169,496 | \$ 771,536 | \$ - | \$ 8,002,919 | \$ 18,406,611 |
| Pharmacy Rebates | \$ (5,095,612) | \$ - | \$ (48,190) | \$ (936,839) | \$ - | \$ (277,152) | \$ (6,357,792) |
| Other Medical Adjustments | \$ 1,752,032 | \$ - | \$ (9,084) | \$ 1,026,257 | \$ (235) | \$ 1,987,383 | \$ 4,756,352 |
| Subtotal medical expense | \$ 30,992,201 | \$ - | \$ 881,833 | \$ 9,535,367 | \$ (235) | \$ 29,563,980 | \$ 70,973,145 |
| Net uw gain/(loss) pre admin | \$ 6,107,150 | \$ 1,301,194 | \$ (14,658) | \$ (440,709) | \$ 235 | \$ 3,624,654 | \$ 10,577,867 |
| | 80.5% | 0.0% | 100.6% | 104.7% | 0.0% | 88.9% | 86.9% |
| Administrative Expenses | | | | | | | |
| Direct | \$ 1,681,353 | \$ 1,157 | \$ 85,226 | \$ (371,271) | \$ - | \$ 214,073 | \$ 1,610,538 |
| Indirect | \$ 1,864,811 | \$ 1,323,333 | \$ 63,965 | \$ 1,462,630 | \$ - | \$ 2,712,501 | \$ 7,427,241 |
| Total administrative expenses | \$ 3,546,164 | \$ 1,324,490 | \$ 149,191 | \$ 1,091,359 | \$ - | \$ 2,926,574 | \$ 9,037,779 |
| | 9.6% | 101.8% | 17.2% | 12.0% | 0.0% | 8.8% | 11.1% |
| Total operating expenses | \$ 34,538,365 | \$ 1,324,490 | \$ 1,031,024 | \$ 10,626,726 | \$ (235) | \$ 32,490,554 | \$ 80,010,923 |
| Net underwriting gain/(loss) | \$ 2,560,986 | \$ (23,296) | \$ (163,849) | \$ (1,532,068) | \$ 235 | \$ 698,080 | \$ 1,540,089 |
| Investment Income | \$ 566,293 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 566,293 |
| Pretax gain (loss) | \$ 3,127,279 | \$ (23,296) | \$ (163,849) | \$ (1,532,068) | \$ 235 | \$ 698,080 | \$ 2,106,381 |

DRAFT
HEALTH NEW ENGLAND, INC.
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE 3 MONTHS ENDED DECEMBER, 2022
UNAUDITED

| | YTD ACTUAL | YTD BUDGET | VARIANCE Fav/ (Unfav) |
|---|-----------------------|-----------------------|--------------------------|
| Total Member Months | 554,307 | 549,125 | 5,182 |
| Revenues | | | |
| Commercial Group Revenue | \$ 99,564,924 | \$ 106,972,942 | \$ (7,408,018) |
| State Premium Revenue | \$ - | \$ - | \$ - |
| PPO Revenue | \$ 16,318,185 | \$ 15,361,573 | \$ 956,612 |
| Medrate Premium Revenue | \$ - | \$ - | \$ - |
| Medicare Revenue | \$ 28,317,952 | \$ 29,710,873 | \$ (1,392,921) |
| Medicaid Revenue (MCO) | \$ - | \$ - | \$ - |
| Medicaid Revenue (ACO) | \$ 89,289,202 | \$ 88,725,645 | \$ 563,556 |
| Medicaid Corridor (ACO) | \$ 3,599,102 | \$ (2,933,672) | \$ 6,532,775 |
| Medicare Supplement Revenue | \$ 2,623,546 | \$ 2,404,197 | \$ 219,349 |
| Total Premium Revenue | \$ 239,712,910 | \$ 240,241,557 | \$ (528,647) |
| Medicaid ACO - DS RIP Income | \$ 161,733 | \$ 161,733 | \$ - |
| ACA Revenue Offsets | \$ (3,596,557) | \$ (2,614,669) | \$ (981,888) |
| HNE Advisory Services Revenue | \$ 3,753,190 | \$ 3,543,071 | \$ 210,118 |
| Other Revenue | \$ 551,095 | \$ 152,464 | \$ 398,631 |
| Bad Debt Allowance | \$ (245,220) | \$ 13,535 | \$ (258,755) |
| Investment Income | \$ 1,107,528 | \$ 750,000 | \$ 357,528 |
| | \$ - | \$ - | \$ - |
| Total Revenue | \$ 241,444,679 | \$ 242,247,692 | \$ (803,013) |
| Medical Expenses | | | |
| Medical Expense - Commercial | \$ 73,899,454 | \$ 84,718,096 | \$ 10,818,642 |
| Provider Incentive/(Deficit) - Commercial | \$ 3,519,097 | \$ 811,396 | \$ (2,707,701) |
| Pharmacy Expense - Commercial | \$ 27,606,272 | \$ 28,437,811 | \$ 831,539 |
| Pharmacy Rebates - Commercial | \$ (9,065,047) | \$ (9,000,166) | \$ 64,881 |
| Other Medical Costs - Commercial | \$ 3,227,728 | \$ (650,837) | \$ (3,878,565) |
| Subtotal medical expense - Commercial | \$ 99,187,503 | \$ 104,316,300 | \$ 5,128,797 |
| Medical Expense - Medicare | \$ 23,394,430 | \$ 23,736,337 | \$ 341,907 |
| Provider Incentive/(Deficit) - Medicare | \$ 151,316 | \$ 693,220 | \$ 541,904 |
| Pharmacy Expense - Medicare | \$ 4,007,836 | \$ 4,212,977 | \$ 205,141 |
| Pharmacy Rebates - Medicare | \$ (2,223,699) | \$ (1,615,231) | \$ 608,468 |
| Other Medical Costs - Medicare | \$ 1,281,893 | \$ (249,702) | \$ (1,531,595) |
| Subtotal medical exp - Medicare | \$ 26,611,777 | \$ 26,777,602 | \$ 165,825 |
| Medical Expense - Medicaid (MCO) | \$ - | \$ - | \$ - |
| Provider Incentive/(Deficit) - Medicaid (MCO) | \$ - | \$ - | \$ - |
| Pharmacy Expense - Medicaid (MCO) | \$ - | \$ - | \$ - |
| Pharmacy Rebates - Medicaid (MCO) | \$ - | \$ - | \$ - |
| Other Medical Costs - Medicaid (MCO) | \$ (235) | \$ - | \$ 235 |
| Subtotal medical exp - Medicaid (MCO) | \$ (235) | \$ - | \$ 235 |
| Medical Expense - Medicaid (ACO) | \$ 57,831,911 | \$ 52,157,827 | \$ (5,674,085) |
| Provider Incentive/(Deficit) - Medicaid (ACO) | \$ 2,048,866 | \$ 707,401 | \$ (1,341,465) |
| Pharmacy Expense - Medicaid (ACO) | \$ 22,522,332 | \$ 24,865,846 | \$ 2,343,514 |
| Pharmacy Rebates - Medicaid (ACO) | \$ (416,957) | \$ (269,467) | \$ 147,491 |
| Other Medical Costs - Medicaid (ACO) | \$ 2,335,274 | \$ 424,070 | \$ (1,911,204) |
| Subtotal medical exp - Medicaid (ACO) | \$ 84,321,425 | \$ 77,885,677 | \$ (6,435,749) |
| Med Supp Medical Exp | \$ 2,349,383 | \$ 2,195,625 | \$ (153,758) |
| Pharmacy Expense - Med Supp | \$ 555,293 | \$ 458,410 | \$ (96,884) |
| Pharmacy Rebates - Med Supp | \$ (73,824) | \$ (116,006) | \$ (42,182) |
| Other Medical Costs - Med Supp | \$ (123,478) | \$ (60,642) | \$ 62,836 |
| Subtotal medical exp - Med Supp | \$ 2,707,374 | \$ 2,477,387 | \$ (229,988) |
| Total Medical Expenses | \$ 212,827,844 | \$ 211,456,965 | \$ (1,370,879) |
| Medical Loss Ratio % | 88.8% | 88.0% | -0.8% |
| Administrative Expenses | | | |
| Personnel related (page 6) | \$ 12,578,083 | \$ 14,197,030 | \$ 1,618,947 |
| Advertising and Promotion | \$ 591,191 | \$ 674,351 | \$ 83,160 |
| Occupancy expense | \$ 463,991 | \$ 496,396 | \$ 32,405 |
| Depreciation and Amortization | \$ 610,731 | \$ 616,597 | \$ 5,866 |
| Professional Fees | \$ 3,927,687 | \$ 4,913,170 | \$ 985,483 |
| Operating expense (page 6) | \$ 6,920,430 | \$ 5,335,059 | \$ (1,585,370) |
| Provider Access Fees & User Fees | \$ 292,570 | \$ 1,746,853 | \$ 1,454,284 |
| Total Administrative Expenses | \$ 25,384,682 | \$ 27,979,457 | \$ 2,594,775 |
| Other Administrative Expenses | | | |
| ACA Taxes | \$ 51,727 | \$ 50,207 | \$ (1,520) |
| Premium Tax Expense | \$ 372,133 | \$ 393,813 | \$ 21,680 |
| Broker Compensation Expense | \$ 2,312,048 | \$ 2,229,972 | \$ (82,075) |
| Total Administrative Expenses | \$ 28,120,589 | \$ 30,653,449 | \$ 2,532,860 |
| Total Operating Expenses | \$ 240,948,433 | \$ 242,110,414 | \$ 1,161,981 |
| Net underwriting gain/(loss) | \$ 496,246 | \$ 137,278 | \$ 358,968 |
| Oper. Income before assessments | \$ 496,246 | \$ 137,278 | \$ 358,968 |
| Total Realized Gains | \$ - | \$ - | \$ - |
| Unrealized Gain/(Loss) | \$ 3,081,329 | \$ - | \$ 3,081,329 |
| Provision (Benefit) for income taxes | \$ 1,155 | \$ - | \$ (1,155) |
| Excess of Revenues over (Expenses) | \$ 3,578,730 | \$ 137,278 | \$ 3,439,141 |
| Operating Margin % | 1.5% | 0.1% | 1.4% |

DRAFT
HEALTH NEW ENGLAND, INC.
PERSONNEL AND OPERATING EXPENSES
AS OF DECEMBER, 2022
UNAUDITED

| CURRENT ACTUALS | CURRENT BUDGET | VARIANCE Fav/ (Unfav) | | YTD ACTUAL | YTD BUDGET | VARIANCE Fav/ (Unfav) | | PRIOR YTD ACTUAL | 2022 BUDGET |
|---------------------------|---------------------|-----------------------|----------------|----------------------|----------------------|-----------------------|----------------|----------------------|----------------------|
| PERSONNEL RELATED | | | | | | | | | |
| \$ 2,933,983 | \$ 3,511,571 | \$ 577,589 | 16.4% | \$ 40,586,812 | \$ 39,683,997 | \$ (902,815) | (2.3%) | \$ 38,756,008 | \$ 39,683,997 |
| \$ 103,065 | \$ 84,922 | \$ (18,143) | (21.4%) | \$ 1,685,606 | \$ 835,721 | \$ (849,885) | (101.7%) | \$ 3,206,482 | \$ 835,721 |
| \$ 239,660 | \$ 276,595 | \$ 36,935 | 13.4% | \$ 2,866,032 | \$ 3,319,139 | \$ 453,106 | 13.7% | \$ 2,643,287 | \$ 3,319,139 |
| \$ 2,273 | \$ 20,113 | \$ 17,840 | 88.7% | \$ 141,350 | \$ 241,360 | \$ 100,010 | 41.4% | \$ 291,794 | \$ 241,360 |
| \$ 269 | \$ 14,000 | \$ 13,731 | 98.1% | \$ 15,474 | \$ 168,000 | \$ 152,526 | 90.8% | \$ 18,023 | \$ 168,000 |
| \$ 148,830 | \$ 166,667 | \$ 17,837 | 10.7% | \$ 2,116,822 | \$ 2,000,000 | \$ (116,822) | (5.8%) | \$ 1,894,819 | \$ 2,000,000 |
| \$ 59,466 | \$ 45,319 | \$ (14,147) | (31.2%) | \$ 290,581 | \$ 45,319 | \$ (245,262) | (541.2%) | \$ 82,727 | \$ 45,319 |
| \$ 5,734 | \$ - | \$ (5,734) | 0.0% | \$ 5,734 | \$ - | \$ (5,734) | 0.0% | \$ - | \$ - |
| \$ 315,488 | \$ 335,692 | \$ 20,204 | 6.0% | \$ 3,848,147 | \$ 4,028,308 | \$ 180,161 | 4.5% | \$ 3,598,440 | \$ 4,028,308 |
| \$ 298 | \$ 12,640 | \$ 12,341 | 97.6% | \$ 127,654 | \$ 151,674 | \$ 24,020 | 15.8% | \$ 176,940 | \$ 151,674 |
| \$ 9,699 | \$ 9,000 | \$ (699) | (7.8%) | \$ 105,115 | \$ 108,000 | \$ 2,885 | 2.7% | \$ 101,674 | \$ 108,000 |
| \$ 28,656 | \$ 75,020 | \$ 46,364 | 61.8% | \$ 460,258 | \$ 900,242 | \$ 439,984 | 48.9% | \$ 459,479 | \$ 900,242 |
| \$ 4,776 | \$ 2,800 | \$ (1,976) | (70.6%) | \$ 57,638 | \$ 33,500 | \$ (24,138) | (72.1%) | \$ 50,826 | \$ 33,500 |
| \$ 3,726 | \$ 7,083 | \$ 3,358 | 47.4% | \$ 337,977 | \$ 85,000 | \$ (252,977) | (297.6%) | \$ 604,086 | \$ 85,000 |
| \$ 14,073 | \$ 22,094 | \$ 8,021 | 36.3% | \$ 95,601 | \$ 301,201 | \$ 205,600 | 68.3% | \$ 59,894 | \$ 301,201 |
| \$ - | \$ 250 | \$ 250 | 100.0% | \$ 200 | \$ 3,000 | \$ 2,800 | 93.3% | \$ - | \$ 3,000 |
| \$ 16,100 | \$ 12,611 | \$ (3,489) | (27.7%) | \$ 49,787 | \$ 131,852 | \$ 82,065 | 62.2% | \$ 25,938 | \$ 131,852 |
| \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - |
| \$ 3,886,096 | \$ 4,596,377 | \$ 710,281 | 15.5% | \$ 52,790,787 | \$ 52,036,312 | \$ (754,475) | (1.4%) | \$ 51,970,416 | \$ 52,036,312 |
| OPERATING EXPENSES | | | | | | | | | |
| \$ 3,066 | \$ 20,600 | \$ 17,534 | 85.1% | \$ 388,723 | \$ 415,750 | \$ 27,027 | 6.5% | \$ 277,863 | \$ 415,750 |
| \$ 85,475 | \$ 15,500 | \$ (69,975) | (451.5%) | \$ 278,742 | \$ 160,000 | \$ (118,742) | (74.2%) | \$ 138,972 | \$ 160,000 |
| \$ 3,727 | \$ 12,000 | \$ 8,273 | 68.9% | \$ 90,831 | \$ 136,000 | \$ 45,169 | 33.2% | \$ 87,129 | \$ 136,000 |
| \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - | 0.0% | \$ 66,536 | \$ - |
| \$ 159,163 | \$ 97,500 | \$ (61,663) | (63.2%) | \$ 1,278,233 | \$ 958,500 | \$ (319,733) | (33.4%) | \$ 937,535 | \$ 958,500 |
| \$ - | \$ 350 | \$ 350 | 100.0% | \$ 454 | \$ 4,200 | \$ 3,746 | 89.2% | \$ 3,705 | \$ 4,200 |
| \$ 15,793 | \$ 14,364 | \$ (1,429) | (9.9%) | \$ 191,748 | \$ 172,369 | \$ (19,379) | (11.2%) | \$ 177,301 | \$ 172,369 |
| \$ 25,788 | \$ 12,591 | \$ (13,197) | (104.8%) | \$ 418,765 | \$ 454,627 | \$ 35,862 | 7.9% | \$ 436,287 | \$ 454,627 |
| \$ 4,198 | \$ 3,998 | \$ (200) | (5.0%) | \$ 36,579 | \$ 48,226 | \$ 11,647 | 24.2% | \$ 59,966 | \$ 48,226 |
| \$ - | \$ - | \$ - | 0.0% | \$ 13,573 | \$ - | \$ (13,573) | 0.0% | \$ 21,141 | \$ - |
| \$ 2,822 | \$ 2,917 | \$ 94 | 3.2% | \$ 34,994 | \$ 35,000 | \$ 6 | 0.0% | \$ 28,430 | \$ 35,000 |
| \$ 3,500 | \$ 2,500 | \$ (1,000) | (40.0%) | \$ 33,000 | \$ 55,000 | \$ 22,000 | 40.0% | \$ 10,525 | \$ 55,000 |
| \$ - | \$ - | \$ - | 0.0% | \$ - | \$ 1,500 | \$ 1,500 | 100.0% | \$ 1,086 | \$ 1,500 |
| \$ 146,250 | \$ 41,667 | \$ (104,583) | (251.0%) | \$ 479,674 | \$ 500,000 | \$ 20,326 | 4.1% | \$ 717,826 | \$ 500,000 |
| \$ 3,000 | \$ - | \$ (3,000) | 0.0% | \$ 23,250 | \$ - | \$ (23,250) | 0.0% | \$ 22,000 | \$ - |
| \$ 32,289 | \$ 4,167 | \$ (28,123) | (674.9%) | \$ 259,035 | \$ 50,000 | \$ (209,035) | (418.1%) | \$ 23,306 | \$ 50,000 |
| \$ 12,559 | \$ 11,250 | \$ (1,309) | (11.6%) | \$ 143,978 | \$ 142,500 | \$ (1,478) | (1.0%) | \$ 81,471 | \$ 142,500 |
| \$ 40,647 | \$ 47,500 | \$ 6,853 | 14.4% | \$ 453,799 | \$ 570,000 | \$ 116,201 | 20.4% | \$ 403,487 | \$ 570,000 |
| \$ 168,996 | \$ 70,127 | \$ (98,869) | (141.0%) | \$ 2,382,520 | \$ 789,197 | \$ (1,593,323) | (201.9%) | \$ 791,495 | \$ 789,197 |
| \$ 176,980 | \$ 149,885 | \$ (27,095) | (18.1%) | \$ 2,064,887 | \$ 1,852,355 | \$ (212,531) | (11.5%) | \$ 1,916,142 | \$ 1,852,355 |
| \$ 226,705 | \$ 166,667 | \$ (60,039) | (36.0%) | \$ 2,860,358 | \$ 2,000,000 | \$ (860,358) | (43.0%) | \$ 2,301,780 | \$ 2,000,000 |
| \$ 1,965 | \$ 4,167 | \$ 2,201 | 52.8% | \$ 61,551 | \$ 86,999 | \$ 25,448 | 29.3% | \$ 111,431 | \$ 86,999 |
| \$ 1,260 | \$ 65,926 | \$ 64,667 | 98.1% | \$ 777,891 | \$ 791,115 | \$ 13,224 | 1.7% | \$ 833,777 | \$ 791,115 |
| \$ (115,175) | \$ 227 | \$ 115,402 | 50911.7% | \$ (276,077) | \$ 4,700 | \$ 280,777 | 5973.9% | \$ 255,251 | \$ 4,700 |
| \$ 16,667 | \$ 16,667 | \$ - | 0.0% | \$ 200,000 | \$ 200,000 | \$ 0 | 0.0% | \$ 157,500 | \$ 200,000 |
| \$ - | \$ 8 | \$ 8 | 100.0% | \$ - | \$ 100 | \$ 100 | 100.0% | \$ - | \$ 100 |
| \$ - | \$ 63 | \$ 63 | 100.0% | \$ 5,887 | \$ 5,756 | \$ (131) | (2.3%) | \$ 5,860 | \$ 5,756 |
| \$ 34,293 | \$ 28,058 | \$ (6,235) | (22.2%) | \$ 335,511 | \$ 329,110 | \$ (6,401) | (1.9%) | \$ 355,183 | \$ 329,110 |
| \$ (1,053) | \$ 3,333 | \$ 4,386 | 131.6% | \$ 27,504 | \$ 40,000 | \$ 12,496 | 31.2% | \$ 23,475 | \$ 40,000 |
| \$ 1,493,978 | \$ 881,978 | \$ (612,000) | (69.4%) | \$ 10,286,483 | \$ 10,791,799 | \$ 505,316 | 4.7% | \$ 10,230,041 | \$ 10,791,799 |
| \$ 6,463 | \$ 8,750 | \$ 2,287 | 26.1% | \$ 46,504 | \$ 105,000 | \$ 58,496 | 55.7% | \$ 61,652 | \$ 105,000 |
| \$ 577 | \$ 6,250 | \$ 5,673 | 90.8% | \$ 5,105 | \$ 75,000 | \$ 69,895 | 93.2% | \$ 8,064 | \$ 75,000 |
| \$ 32,373 | \$ 35,658 | \$ 3,286 | 9.2% | \$ 334,589 | \$ 427,900 | \$ 93,311 | 21.8% | \$ 262,671 | \$ 427,900 |
| \$ - | \$ 3,333 | \$ 3,333 | 100.0% | \$ 7,703 | \$ 40,000 | \$ 32,297 | 80.7% | \$ - | \$ 40,000 |
| \$ 3,113 | \$ 625 | \$ (2,488) | (398.1%) | \$ 10,423 | \$ 7,500 | \$ (2,923) | (39.0%) | \$ 34,304 | \$ 7,500 |
| \$ 9,500 | \$ 21,000 | \$ 11,500 | 54.8% | \$ 270,182 | \$ 252,000 | \$ (18,182) | (7.2%) | \$ 285,257 | \$ 252,000 |
| \$ 176,052 | \$ 52,364 | \$ (123,688) | (236.2%) | \$ 611,174 | \$ 628,368 | \$ 17,194 | 2.7% | \$ 980,666 | \$ 628,368 |
| \$ (3,814) | \$ - | \$ 3,814 | 0.0% | \$ (23,201) | \$ - | \$ 23,201 | 0.0% | \$ (28,634) | \$ - |
| \$ 15,270 | \$ 6,250 | \$ (9,020) | (144.3%) | \$ 46,936 | \$ 75,000 | \$ 28,064 | 37.4% | \$ 27,801 | \$ 75,000 |
| \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - |
| \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - |
| \$ - | \$ - | \$ - | 0.0% | \$ 7,981 | \$ - | \$ (7,981) | 0.0% | \$ - | \$ - |
| \$ - | \$ (33,333) | \$ (33,333) | (100.0%) | \$ - | \$ (400,000) | \$ (400,000) | (100.0%) | \$ (29,896) | \$ (400,000) |
| \$ - | \$ (306,862) | \$ (306,862) | (100.0%) | \$ - | \$ (3,109,864) | \$ (3,109,864) | (100.0%) | \$ - | \$ (3,109,864) |
| \$ 2,782,427 | \$ 1,468,044 | \$ (1,314,382) | (89.5%) | \$ 24,169,287 | \$ 18,695,708 | \$ (5,473,579) | (29.3%) | \$ 22,031,773 | \$ 18,695,708 |

DRAFT
HEALTH NEW ENGLAND, INC.
CONSOLIDATED BALANCE SHEET
AS OF DECEMBER, 2023
UNAUDITED

| | Unaudited 12/2023 | Unaudited 11/2023 | MTD Change | | Unaudited 12/2022 | YTD Change | |
|--|-----------------------|-----------------------|---------------------|---------|-----------------------|----------------------|----------|
| ASSETS | | | | | | | |
| Cash and Cash Equivalents | \$ 95,950,052 | \$ 88,682,356 | \$ 7,267,695 | 8.2% | \$ 99,324,867 | \$ (3,374,816) | (3.4%) |
| Investments | \$ 168,584,917 | \$ 164,116,606 | \$ 4,468,311 | 2.7% | \$ 156,952,807 | \$ 11,632,110 | 7.4% |
| Premium Receivable Less Allow | \$ 4,731,738 | \$ 6,238,277 | \$ (1,506,539) | (24.1%) | \$ 4,057,410 | \$ 674,328 | 16.6% |
| Income tax receivable | \$ - | \$ - | \$ - | 0.0% | \$ 1,396 | \$ (1,396) | (100.0%) |
| Other receivables | \$ 19,616,386 | \$ 24,135,480 | \$ (4,519,094) | (18.7%) | \$ 21,619,178 | \$ (2,002,792) | (9.3%) |
| Prepaid Expense | \$ 3,360,327 | \$ 4,214,851 | \$ (854,524) | (20.3%) | \$ 2,678,425 | \$ 681,902 | 25.5% |
| Deferred Income Taxes | \$ (0) | \$ (1,712) | \$ 1,712 | 100.0% | \$ (3,521) | \$ 3,521 | 100.0% |
| Total Current Assets | \$ 292,243,419 | \$ 287,385,858 | \$ 4,857,561 | 1.7% | \$ 284,630,561 | \$ 7,612,858 | 2.7% |
| Equipment & leasehold improvements, net | \$ 5,570,078 | \$ 5,714,803 | \$ (144,725) | (2.5%) | \$ 3,863,787 | \$ 1,706,291 | 44.2% |
| Other long term assets | \$ 5,990,264 | \$ 6,067,278 | \$ (77,014) | (1.3%) | \$ 7,004,217 | \$ (1,013,953) | (14.5%) |
| Total Assets | \$ 303,803,761 | \$ 299,167,939 | \$ 4,635,822 | 1.5% | \$ 295,498,565 | \$ 8,305,196 | 2.8% |
| LIABILITIES AND STOCKHOLDER'S EQUITY | | | | | | | |
| Medical claims payable | \$ 100,919,944 | \$ 93,720,712 | \$ 7,199,232 | (7.7%) | \$ 82,745,397 | \$ 18,174,547 | (22.0%) |
| Other medical payable | \$ 13,786,772 | \$ 15,122,583 | \$ (1,335,811) | 8.8% | \$ 16,295,511 | \$ (2,508,740) | 15.4% |
| Accounts payable & other liabilities | \$ 82,993,673 | \$ 82,191,206 | \$ 802,467 | (1.0%) | \$ 64,903,098 | \$ 18,090,575 | (27.9%) |
| Provider incentive liability | \$ 21,809,334 | \$ 22,747,832 | \$ (938,498) | 4.1% | \$ 23,649,523 | \$ (1,840,189) | 7.8% |
| Unearned Premium | \$ 16,433,510 | \$ 17,703,903 | \$ (1,270,393) | 7.2% | \$ 16,608,925 | \$ (175,415) | 1.1% |
| Accrued Compensation | \$ 5,744,011 | \$ 6,109,494 | \$ (365,483) | 6.0% | \$ 6,658,706 | \$ (914,696) | 13.7% |
| Lease Liability Short Term | \$ 911,476 | \$ 909,200 | \$ 2,276 | (0.3%) | \$ 937,318 | \$ (25,842) | 2.8% |
| Income Taxes Payable | \$ 43,000 | \$ - | \$ 43,000 | 0.0% | \$ - | \$ 43,000 | 0.0% |
| Total Current Liabilities | \$ 242,641,719 | \$ 238,504,929 | \$ 4,136,789 | (1.7%) | \$ 211,798,479 | \$ 30,843,240 | (14.6%) |
| VMG Liability Valuation | \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | 0.0% |
| Lease Liability Long Term | \$ 4,698,821 | \$ 4,778,111 | \$ (79,290) | 1.7% | \$ 5,686,932 | \$ (988,111) | (17.4%) |
| Subordinated note commitment | \$ 20,000,000 | \$ 20,000,000 | \$ - | 0.0% | \$ 20,000,000 | \$ - | 0.0% |
| Total Liabilities | \$ 267,340,540 | \$ 263,283,040 | \$ 4,057,499 | (1.5%) | \$ 237,485,411 | \$ 29,855,129 | 12.6% |
| Surplus Contribution from Affiliated Companies | \$ 5,000,000 | \$ 5,000,000 | \$ - | 0.0% | \$ 5,000,000 | \$ - | 0.0% |
| Unrealized Gains/(Losses) | \$ (13,965,946) | \$ (19,023,142) | \$ 5,057,196 | 26.6% | \$ (21,283,870) | \$ 7,317,924 | 34.4% |
| Unallocated Surplus | \$ 45,429,168 | \$ 49,908,041 | \$ (4,478,873) | (9.0%) | \$ 74,297,025 | \$ (28,867,857) | (38.9%) |
| Total Unrestricted Net Assets | \$ 303,803,761 | \$ 299,167,939 | \$ 4,635,822 | 1.5% | \$ 295,498,565 | \$ 8,305,196 | 2.8% |
| Current Ratio | 1.2044 | 1.2049 | | | 1.3439 | | |

DRAFT
HEALTH NEW ENGLAND, INC.
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE 12 MONTHS ENDED DECEMBER, 2023
UNAUDITED

| CURRENT ACTUALS | CURRENT BUDGET | VARIANCE Fav/ (Unfav) | | YTD ACTUAL | YTD BUDGET | VARIANCE Fav/ (Unfav) | | YTD PY ACTUAL | PRIOR YTD ACTUAL | 2023 BUDGET |
|---|----------------|-----------------------|-----------|------------------|-----------------|-----------------------|----------|----------------|------------------|-----------------|
| 126,213 | 131,424 | (5,211) | (4.0%) | 1,539,527 | 1,574,067 | (34,540) | (2.2%) | N/A | 1,605,465 | 1,574,067 |
| 51,908 | 51,085 | 823 | 1.6% | 621,077 | 613,020 | 8,057 | 1.3% | N/A | 607,899 | 613,020 |
| 178,121 | 182,509 | (4,388) | (2.4%) | 2,160,604 | 2,187,087 | (26,483) | (1.2%) | N/A | 2,213,364 | 2,187,087 |
| Revenues | | | | | | | | | | |
| \$ 29,547,778 | \$ 36,729,113 | \$ (7,181,335) | (19.6%) | \$ 362,789,212 | \$ 418,440,460 | \$ (55,651,249) | (13.3%) | \$ (426,764) | \$ 405,620,960 | \$ 418,440,460 |
| \$ 6,616,107 | \$ 5,463,364 | \$ 1,152,743 | 21.1% | \$ 72,941,519 | \$ 62,492,669 | \$ 10,448,850 | 16.7% | \$ (56,976) | \$ 65,285,551 | \$ 62,492,669 |
| \$ 11,805,667 | \$ 11,908,347 | \$ (102,680) | (0.9%) | \$ 127,675,652 | \$ 140,003,740 | \$ (12,328,087) | (8.8%) | \$ 2,407,375 | \$ 115,190,510 | \$ 140,003,740 |
| \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ 3,356,356 |
| \$ 37,339,437 | \$ 27,308,995 | \$ 10,030,442 | 36.7% | \$ 443,457,913 | \$ 351,486,009 | \$ 91,971,904 | 26.2% | \$ (1,407,969) | \$ 347,270,490 | \$ 351,486,009 |
| \$ 1,380,988 | \$ (204,687) | \$ 1,585,675 | 774.7% | \$ (8,524,253) | \$ (4,523,173) | \$ (4,001,079) | (88.5%) | \$ 697,781 | \$ 3,769,943 | \$ (4,523,173) |
| \$ 868,919 | \$ 1,022,679 | \$ (153,760) | (15.0%) | \$ 10,500,845 | \$ 11,895,017 | \$ (1,394,172) | (11.7%) | \$ (3,618) | \$ 10,016,725 | \$ 11,895,017 |
| \$ 7,558,896 | \$ 8,227,811 | \$ (668,915) | (8.1%) | \$ 1,008,840,888 | \$ 979,794,271 | \$ 29,046,617 | 3.0% | \$ 1,209,829 | \$ 950,510,535 | \$ 979,794,271 |
| \$ - | \$ - | \$ - | 0.0% | \$ 643,734 | \$ 161,733 | \$ 482,001 | 298.0% | \$ - | \$ 864,613 | \$ 161,733 |
| \$ (2,139,934) | \$ (663,371) | \$ (1,476,563) | (222.6%) | \$ (15,225,980) | \$ (7,648,767) | \$ (7,577,213) | (99.1%) | \$ (2,542,666) | \$ (15,353,475) | \$ (7,648,767) |
| \$ 1,380,461 | \$ 1,346,271 | \$ 34,190 | 2.5% | \$ 17,656,148 | \$ 16,155,256 | \$ 1,500,893 | 9.3% | \$ - | \$ 14,667,208 | \$ 16,155,256 |
| \$ 247,385 | \$ 20,000 | \$ 227,385 | 1136.9% | \$ 2,333,515 | \$ 240,000 | \$ 2,093,515 | 872.3% | \$ - | \$ 3,687,961 | \$ 240,000 |
| \$ (470,541) | \$ (32,800) | \$ (437,741) | (1334.6%) | \$ (537,899) | \$ (389,902) | \$ (147,997) | (38.0%) | \$ - | \$ (68,162) | \$ (389,902) |
| \$ 86,578,268 | \$ 82,897,912 | \$ 3,680,356 | 4.4% | \$ 1,013,710,406 | \$ 988,313,041 | \$ 25,397,365 | 2.6% | \$ (1,332,838) | \$ 954,308,679 | \$ 988,313,041 |
| Medical Expenses | | | | | | | | | | |
| \$ 27,127,911 | \$ 26,662,956 | \$ (464,955) | (1.7%) | \$ 305,420,226 | \$ 317,550,438 | \$ (12,130,212) | (3.8%) | \$ - | \$ 318,379,721 | \$ 317,550,438 |
| \$ 341,054 | \$ 154,839 | \$ (186,215) | (120.3%) | \$ 1,227,678 | \$ 1,809,680 | \$ (582,002) | (32.2%) | \$ - | \$ 5,781,580 | \$ 1,809,680 |
| \$ 9,063,730 | \$ 10,145,612 | \$ (1,081,882) | (10.7%) | \$ 107,589,934 | \$ 113,428,725 | \$ (5,838,790) | (5.1%) | \$ - | \$ 111,410,540 | \$ 113,428,725 |
| \$ (2,583,715) | \$ (2,849,571) | \$ (265,856) | (9.3%) | \$ (29,510,932) | \$ (33,304,377) | \$ (3,793,445) | (11.4%) | \$ - | \$ (34,924,467) | \$ (33,304,377) |
| \$ (1,475,750) | \$ 773,619 | \$ (2,249,370) | (290.8%) | \$ (10,871,246) | \$ 9,069,009 | \$ (19,940,255) | (220.3%) | \$ 2,277,034 | \$ 7,565,402 | \$ 9,069,009 |
| \$ 32,473,230 | \$ 34,887,456 | \$ (2,414,226) | (6.9%) | \$ 395,598,153 | \$ 408,553,475 | \$ (12,955,322) | (3.2%) | \$ 2,277,034 | \$ 408,212,776 | \$ 408,553,475 |
| \$ 9,043,302 | \$ 8,637,140 | \$ (406,162) | (4.7%) | \$ 102,019,401 | \$ 107,588,364 | \$ (5,568,964) | (5.2%) | \$ - | \$ 88,289,395 | \$ 107,588,364 |
| \$ 116,244 | \$ 113,006 | \$ (3,238) | (2.9%) | \$ 1,001,326 | \$ 1,317,122 | \$ (315,796) | (24.0%) | \$ - | \$ 1,265,147 | \$ 1,317,122 |
| \$ 868,345 | \$ 1,804,816 | \$ (936,472) | (51.9%) | \$ 16,820,054 | \$ 19,893,528 | \$ (3,073,475) | (15.4%) | \$ - | \$ 14,651,216 | \$ 19,893,528 |
| \$ (466,349) | \$ (658,882) | \$ (192,533) | (29.2%) | \$ (5,242,595) | \$ (7,679,493) | \$ (2,436,898) | (31.7%) | \$ - | \$ (6,382,429) | \$ (7,679,493) |
| \$ 2,869,499 | \$ 245,256 | \$ (2,624,243) | (1070.0%) | \$ (6,514,209) | \$ 2,902,392 | \$ (9,416,601) | (124.4%) | \$ (132,836) | \$ 1,030,176 | \$ 2,902,392 |
| \$ 12,431,400 | \$ 10,141,336 | \$ (2,289,704) | (22.6%) | \$ 121,112,395 | \$ 124,021,914 | \$ (2,909,519) | (2.3%) | \$ (132,836) | \$ 98,853,505 | \$ 124,021,914 |
| \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - |
| \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - |
| \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - |
| \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - |
| \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - |
| \$ - | \$ - | \$ - | 0.0% | \$ (3,437) | \$ - | \$ 3,437 | 0.0% | \$ (3,437) | \$ (42,528) | \$ - |
| \$ 27,880,512 | \$ 16,505,137 | \$ (11,375,375) | (68.9%) | \$ 283,740,222 | \$ 214,428,196 | \$ (69,312,026) | (32.3%) | \$ - | \$ 220,622,394 | \$ 214,428,196 |
| \$ (924,739) | \$ 413,524 | \$ (1,338,263) | (323.6%) | \$ 4,562,328 | \$ 4,482,695 | \$ (79,633) | (1.8%) | \$ - | \$ 5,246,409 | \$ 4,482,695 |
| \$ 9,344,748 | \$ 7,781,851 | \$ (1,562,897) | (20.1%) | \$ 110,433,751 | \$ 94,784,399 | \$ (15,649,352) | (16.5%) | \$ - | \$ 89,591,668 | \$ 94,784,399 |
| \$ (81,311) | \$ (87,712) | \$ (6,401) | (7.3%) | \$ (749,879) | \$ (1,100,894) | \$ (351,015) | (31.9%) | \$ - | \$ (1,203,554) | \$ (1,100,894) |
| \$ 252,870 | \$ 214,479 | \$ (38,391) | (17.9%) | \$ 5,577,868 | \$ 2,714,383 | \$ (2,863,485) | (105.5%) | \$ 2,345,724 | \$ 7,051,742 | \$ 2,714,383 |
| \$ 36,472,080 | \$ 24,827,280 | \$ (11,644,800) | (46.9%) | \$ 403,564,290 | \$ 315,308,779 | \$ (88,255,511) | (28.0%) | \$ 2,345,724 | \$ 321,308,658 | \$ 315,308,779 |
| \$ 737,303 | \$ 794,293 | \$ (56,990) | (7.2%) | \$ 5,994,745 | \$ 10,064,040 | \$ (4,069,295) | (40.5%) | \$ - | \$ 8,818,216 | \$ 10,064,040 |
| \$ 9,070 | \$ - | \$ (9,070) | (100.0%) | \$ 585,419 | \$ - | \$ (585,419) | (100.0%) | \$ - | \$ 2,313,779 | \$ - |
| \$ (2,273) | \$ - | \$ (2,273) | (100.0%) | \$ (69,688) | \$ - | \$ (69,688) | (100.0%) | \$ - | \$ (419,018) | \$ - |
| \$ 10,737 | \$ 9,911 | \$ (826) | (8.3%) | \$ 560,622 | \$ 115,118 | \$ (445,503) | (387.0%) | \$ 153,676 | \$ (173,659) | \$ 115,118 |
| \$ 754,837 | \$ 804,203 | \$ (49,366) | (6.1%) | \$ 10,671,098 | \$ 10,179,159 | \$ (491,939) | (4.8%) | \$ 153,676 | \$ 10,539,363 | \$ 10,179,159 |
| \$ 82,131,187 | \$ 70,660,275 | \$ (11,470,913) | (16.2%) | \$ 930,942,499 | \$ 858,063,327 | \$ (72,879,172) | (8.5%) | \$ 4,640,162 | \$ 838,871,773 | \$ 858,063,327 |
| 96.4% | 86.6% | -9.8% | | 93.5% | 88.3% | -5.2% | | 88.3% | 89.3% | 88.3% |
| Administrative Expenses | | | | | | | | | | |
| \$ 3,436,464 | \$ 4,759,503 | \$ (1,323,039) | (27.8%) | \$ 57,326,174 | \$ 57,519,963 | \$ (193,789) | (0.3%) | \$ - | \$ 52,790,787 | \$ 57,519,963 |
| \$ 209,673 | \$ 227,000 | \$ (17,327) | (7.6%) | \$ 1,249,181 | \$ 1,608,000 | \$ (358,819) | (22.3%) | \$ - | \$ 1,237,976 | \$ 1,608,000 |
| \$ 127,966 | \$ 167,900 | \$ (39,934) | (23.8%) | \$ 2,002,748 | \$ 2,023,313 | \$ (20,565) | (1.0%) | \$ - | \$ 1,858,520 | \$ 2,023,313 |
| \$ 201,667 | \$ 273,030 | \$ (71,363) | (26.1%) | \$ 1,721,062 | \$ 3,276,355 | \$ (1,555,293) | (47.5%) | \$ - | \$ 2,469,607 | \$ 3,276,355 |
| \$ 1,924,173 | \$ 1,429,248 | \$ (494,925) | (34.6%) | \$ 13,943,547 | \$ 16,564,825 | \$ (2,621,278) | (15.8%) | \$ - | \$ 14,064,706 | \$ 16,564,825 |
| \$ 2,430,501 | \$ 1,925,745 | \$ (504,756) | (26.2%) | \$ 23,916,321 | \$ 23,247,532 | \$ (668,790) | (2.9%) | \$ - | \$ 24,169,287 | \$ 23,247,532 |
| \$ 575,690 | \$ 557,350 | \$ (18,340) | (3.3%) | \$ 6,860,406 | \$ 6,558,585 | \$ (301,821) | (4.6%) | \$ 27,777 | \$ 5,126,129 | \$ 6,558,585 |
| \$ 8,906,134 | \$ 9,339,775 | \$ (433,641) | (4.6%) | \$ 107,019,439 | \$ 110,798,573 | \$ (3,779,134) | (3.4%) | \$ 27,777 | \$ 101,717,013 | \$ 110,798,573 |
| Other Administrative Expenses | | | | | | | | | | |
| \$ 15,631 | \$ 17,369 | \$ (1,738) | (10.0%) | \$ 185,133 | \$ 208,428 | \$ (23,295) | (11.2%) | \$ - | \$ 209,303 | \$ 208,428 |
| \$ 152,475 | \$ 127,047 | \$ (25,428) | (20.0%) | \$ 1,663,067 | \$ 1,524,567 | \$ (138,500) | (9.1%) | \$ - | \$ 1,489,214 | \$ 1,524,567 |
| \$ 721,038 | \$ 881,836 | \$ (160,798) | (18.2%) | \$ 9,860,076 | \$ 11,208,311 | \$ (1,348,235) | (12.0%) | \$ 2,309 | \$ 11,091,209 | \$ 11,208,311 |
| \$ 9,795,278 | \$ 10,366,027 | \$ (570,749) | (5.5%) | \$ 118,727,715 | \$ 123,739,879 | \$ (5,012,164) | (4.1%) | \$ 30,086 | \$ 114,506,739 | \$ 123,739,879 |
| \$ 91,926,465 | \$ 81,026,302 | \$ (10,900,164) | (13.5%) | \$ 1,049,670,214 | \$ 981,803,205 | \$ (67,867,009) | (6.9%) | \$ 4,670,248 | \$ 953,378,512 | \$ 981,803,205 |
| \$ (5,350,198) | \$ 1,871,602 | \$ (7,221,807) | (385.9%) | \$ (35,959,808) | \$ 6,509,836 | \$ (42,469,643) | (652.4%) | \$ (6,003,086) | \$ 930,167 | \$ 6,509,836 |
| \$ 910,513 | \$ 250,000 | \$ 660,513 | 264.2% | \$ 7,132,725 | \$ 3,000,000 | \$ 4,132,725 | 137.8% | \$ - | \$ 2,927,266 | \$ 3,000,000 |
| \$ (4,439,685) | \$ 2,121,610 | \$ (6,561,294) | (309.3%) | \$ (28,827,082) | \$ 9,509,836 | \$ (38,336,918) | (403.1%) | \$ (6,003,086) | \$ 3,457,433 | \$ 9,509,836 |
| \$ 39,188 | \$ - | \$ (39,188) | (100.0%) | \$ 40,775 | \$ - | \$ (40,775) | (100.0%) | \$ - | \$ (42,240) | \$ - |
| \$ (4,478,873) | \$ 2,121,610 | \$ (6,600,483) | (311.1%) | \$ (28,867,857) | \$ 9,509,836 | \$ (38,377,693) | (403.6%) | \$ (6,003,086) | \$ 3,499,673 | \$ 9,509,836 |
| -5.2% | 2.6% | -7.7% | | -2.8% | 1.0% | -3.8% | | 450.4% | 0.4% | 1.0% |
| Other Changes in Net Assets | | | | | | | | | | |
| \$ 5,057,196 | \$ - | \$ (5,057,196) | (100.0%) | \$ 7,317,924 | \$ - | \$ (7,317,924) | (100.0%) | \$ - | \$ - | \$ - |
| \$ 578,323 | \$ - | \$ (578,323) | (100.0%) | \$ (21,549,933) | \$ - | \$ (21,549,933) | (100.0%) | \$ - | \$ - | \$ - |
| Summary of Changes in Net Assets | | | | | | | | | | |
| Unallocated Surplus at Beginning of the Year | | \$ 74,297,025 | | | | | | | | |
| Current Year to date Earnings | | \$ (28,867,857) | | | | | | | | |
| Unallocated Surplus at End of Period | | \$ 45,429,168 | | | | | | | | |
| Summary of Other Changes in Net Assets Unrealized Gains/(Loss) | | | | | | | | | | |
| Unrealized Gain/(Loss) Beginning of the year | | \$ (21,283,870) | | | | | | | | |
| Current Year to date Earnings | | \$ 7,317,924 | | | | | | | | |
| Unrealized Gain/(Loss) End of Period | | \$ (13,965,946) | | | | | | | | |
| Current Year | | \$ (22,864,771) | | | | | | | | |
| Prior Year | | \$ (6,003,086) | | | | | | | | |
| Check | | \$ - | | | | | | | | |

| Summary of Changes in Net Assets | |
|--|-----------------|
| Unallocated Surplus at Beginning of the Year | \$ 74,297,025 |
| Current Year to date Earnings | \$ (28,867,857) |
| Unallocated Surplus at End of Period | \$ 45,429,168 |

| Summary of Other Changes in Net Assets Unrealized Gains/(Loss) | |
|--|-----------------|
| Unrealized Gain/(Loss) Beginning of the year | \$ (21,283,870) |
| Current Year to date Earnings | \$ 7,317,924 |
| Unrealized Gain/(Loss) End of Period | \$ (13,965,946) |

DRAFT
HEALTH NEW ENGLAND, INC.
CONSOLIDATED STATEMENT OF OPERATIONS
FOR THE 12 MONTHS ENDED DECEMBER, 2023
UNAUDITED

| CURRENT ACTUALS | CURRENT BUDGET | VARIANCE Fav/ (Unfav) | | YTD ACTUAL | YTD BUDGET | VARIANCE Fav/ (Unfav) |
|--------------------|------------------|-----------------------|---|-------------------|------------------|-----------------------|
| 49,406 | 59,175 | (9,769) | HMO Member months | 616,590 | 691,265 | (74,675) |
| 10,522 | 9,458 | 1,064 | PPO Member months | 116,144 | 110,864 | 5,280 |
| 11,152 | 13,721 | (2,569) | Medicare Member Months | 131,156 | 159,922 | (28,766) |
| - | - | - | Medicaid MCO Member months | - | - | - |
| 50,826 | 43,856 | 6,970 | Medicaid ACO Member months | 623,770 | 551,447 | 72,323 |
| 4,307 | 5,214 | (907) | Med Supp Member months | 51,867 | 60,569 | (8,702) |
| 51,908 | 51,085 | 823 | ASO Member Months | 621,077 | 613,020 | 8,057 |
| 178,121 | 182,509 | (4,388) | Total Member Months | 2,160,604 | 2,187,087 | (26,483) |
| | | | Revenues | | | |
| \$ 598.06 | \$ 620.69 | \$ (22.63) | Commercial Group Revenue | \$ 588.38 | \$ 605.33 | \$ (16.95) |
| \$ 628.79 | \$ 577.64 | \$ 51.14 | PPO Revenue | \$ 628.03 | \$ 563.69 | \$ 64.34 |
| \$ 1,058.61 | \$ 867.89 | \$ 190.72 | Medicare Revenue | \$ 973.46 | \$ 875.45 | \$ 98.01 |
| \$ - | \$ - | \$ - | Medicaid Revenue (MCO) | \$ - | \$ - | \$ - |
| \$ 734.65 | \$ 622.70 | \$ 111.96 | Medicaid Revenue (ACO) | \$ 710.93 | \$ 637.39 | \$ 73.54 |
| \$ 27.17 | \$ (4.67) | \$ 31.84 | Medicaid Corridor (ACO) | \$ (13.67) | \$ (8.20) | \$ (5.46) |
| \$ 201.75 | \$ 196.14 | \$ 5.60 | Medicare Supplement Revenue | \$ 202.46 | \$ 196.39 | \$ 6.07 |
| \$ 693.74 | \$ 625.67 | \$ 68.07 | Total Premium Revenue | \$ 655.29 | \$ 622.46 | \$ 32.83 |
| \$ - | \$ - | \$ - | Medicaid ACO - DSRIP Income | \$ 1.03 | \$ 0.29 | \$ 0.74 |
| \$ (35.71) | \$ (9.67) | \$ (26.04) | ACA Revenue Offsets | \$ (20.78) | \$ (9.54) | \$ (11.24) |
| \$ 26.59 | \$ 26.35 | \$ 0.24 | HNE Advisory Services Revenue | \$ 28.43 | \$ 26.35 | \$ 2.07 |
| \$ 4.13 | \$ 0.29 | \$ 3.84 | Other Revenue | \$ 3.18 | \$ 0.30 | \$ 2.89 |
| \$ (2.64) | \$ (0.18) | \$ (2.46) | Bad Debt Allowance | \$ (0.25) | \$ (0.18) | \$ (0.07) |
| \$ 701.61 | \$ 646.88 | \$ 54.73 | Total Revenue | \$ 675.42 | \$ 643.96 | \$ 31.45 |
| | | | Medical Expenses | | | |
| \$ 452.68 | \$ 388.49 | \$ (64.19) | Medical Expense - Commercial | \$ 416.82 | \$ 395.88 | \$ (20.94) |
| \$ 5.69 | \$ 2.26 | \$ (3.44) | Provider Incentive/(Deficit) - Commercial | \$ 1.68 | \$ 2.26 | \$ 0.58 |
| \$ 151.24 | \$ 147.82 | \$ (3.42) | Pharmacy Expense - Commercial | \$ 146.83 | \$ 141.41 | \$ (5.42) |
| \$ (43.11) | \$ (41.52) | \$ 1.59 | Pharmacy Rebates - Commercial | \$ (40.28) | \$ (41.52) | \$ (1.24) |
| \$ (24.63) | \$ 11.27 | \$ 35.90 | Other Medical Costs - Commercial | \$ 14.84 | \$ 11.31 | \$ (3.53) |
| \$ 541.87 | \$ 508.32 | \$ (33.55) | Subtotal medical expense - Commercial | \$ 539.89 | \$ 509.34 | \$ (30.56) |
| \$ 810.91 | \$ 629.48 | \$ (181.43) | Medical Expense - Medicare | \$ 777.85 | \$ 672.76 | \$ (105.09) |
| \$ 10.42 | \$ 8.24 | \$ (2.19) | Provider Incentive/(Deficit) - Medicare | \$ 7.63 | \$ 8.24 | \$ 0.60 |
| \$ 77.86 | \$ 131.54 | \$ 53.67 | Pharmacy Expense - Medicare | \$ 128.24 | \$ 124.40 | \$ (3.85) |
| \$ (41.82) | \$ (48.02) | \$ (6.20) | Pharmacy Rebates - Medicare | \$ (39.97) | \$ (48.02) | \$ (8.05) |
| \$ 257.31 | \$ 17.87 | \$ (239.43) | Other Medical Costs - Medicare | \$ 49.67 | \$ 18.15 | \$ (31.52) |
| \$ 1,114.69 | \$ 739.11 | \$ (375.58) | Subtotal medical exp - Medicare | \$ 923.42 | \$ 775.52 | \$ (147.91) |
| \$ - | \$ - | \$ - | Medical Expense - Medicaid (MCO) | \$ - | \$ - | \$ - |
| \$ - | \$ - | \$ - | Provider Incentive/(Deficit) - Medicaid (MCO) | \$ - | \$ - | \$ - |
| \$ - | \$ - | \$ - | Pharmacy Expense - Medicaid (MCO) | \$ - | \$ - | \$ - |
| \$ - | \$ - | \$ - | Pharmacy Rebates - Medicaid (MCO) | \$ - | \$ - | \$ - |
| \$ - | \$ - | \$ - | Other Medical Costs - Medicaid (MCO) | \$ - | \$ - | \$ - |
| \$ - | \$ - | \$ - | Subtotal medical exp - Medicaid (MCO) | \$ - | \$ - | \$ - |
| \$ 548.55 | \$ 376.35 | \$ (172.20) | Medical Expense - Medicaid (ACO) | \$ 454.88 | \$ 388.85 | \$ (66.03) |
| \$ (18.19) | \$ 9.43 | \$ 27.62 | Provider Incentive/(Deficit) - Medicaid (ACO) | \$ 7.31 | \$ 8.13 | \$ 0.81 |
| \$ 183.86 | \$ 177.44 | \$ (6.42) | Pharmacy Expense - Medicaid (ACO) | \$ 177.04 | \$ 171.88 | \$ (5.16) |
| \$ (1.60) | \$ (2.00) | \$ (0.40) | Pharmacy Rebates - Medicaid (ACO) | \$ (1.20) | \$ (2.00) | \$ (0.79) |
| \$ 4.98 | \$ 4.89 | \$ (0.08) | Other Medical Costs - Medicaid (ACO) | \$ 8.94 | \$ 4.92 | \$ (4.02) |
| \$ 717.59 | \$ 566.11 | \$ (151.48) | Subtotal medical exp - Medicaid (ACO) | \$ 646.98 | \$ 571.78 | \$ (75.19) |
| \$ 171.19 | \$ 152.34 | \$ (18.85) | Med Supp Medical Exp | \$ 184.99 | \$ 166.16 | \$ (18.83) |
| \$ 2.11 | \$ - | \$ (2.11) | Pharmacy Expense - Med Supp | \$ 11.29 | \$ - | \$ (11.29) |
| \$ (0.53) | \$ - | \$ 0.53 | Pharmacy Rebates - Med Supp | \$ (1.34) | \$ - | \$ 1.34 |
| \$ 2.49 | \$ 1.90 | \$ (0.59) | Other Medical Costs - Med Supp | \$ 10.81 | \$ 1.90 | \$ (8.91) |
| \$ 175.26 | \$ 154.24 | \$ (21.02) | Subtotal medical exp - Med Supp | \$ 205.74 | \$ 168.06 | \$ (37.68) |
| \$ 650.73 | \$ 537.65 | \$ (113.08) | Total Medical Expenses | \$ 604.69 | \$ 545.13 | \$ (59.57) |
| | | | Administrative Expenses | | | |
| \$ 27.23 | \$ 36.21 | \$ 8.99 | Personnel related (page 6) | \$ 37.24 | \$ 36.54 | \$ (0.69) |
| \$ 1.66 | \$ 1.73 | \$ 0.07 | Advertising and Promotion | \$ 0.81 | \$ 1.02 | \$ 0.21 |
| \$ 1.01 | \$ 1.28 | \$ 0.26 | Occupancy expense | \$ 1.30 | \$ 1.29 | \$ (0.02) |
| \$ 1.60 | \$ 2.08 | \$ 0.48 | Depreciation and Amortization | \$ 1.12 | \$ 2.08 | \$ 0.96 |
| \$ 15.25 | \$ 10.88 | \$ (4.37) | Professional Fees | \$ 9.06 | \$ 10.52 | \$ 1.47 |
| \$ 20.09 | \$ 15.44 | \$ (4.65) | Operating expense (page 6) | \$ 16.29 | \$ 15.56 | \$ (0.74) |
| \$ 4.56 | \$ 4.24 | \$ (0.32) | Provider Access Fees & User Fees | \$ 4.46 | \$ 4.17 | \$ (0.29) |
| \$ 15.34 | \$ 16.16 | \$ 0.82 | Admin Cost Allocation | \$ 16.62 | \$ 16.10 | \$ (0.52) |
| \$ 86.74 | \$ 88.02 | \$ 1.27 | Total Administrative Expenses | \$ 86.89 | \$ 87.27 | \$ 0.38 |
| | | | Other Administrative Expenses | | | |
| \$ 0.12 | \$ 0.13 | \$ 0.01 | ACA Taxes | \$ 0.12 | \$ 0.13 | \$ 0.01 |
| \$ 1.21 | \$ 0.97 | \$ (0.24) | Premium Tax Expense | \$ 1.08 | \$ 0.97 | \$ (0.11) |
| \$ 5.71 | \$ 6.71 | \$ 1.00 | Broker Compensation Expense | \$ 6.40 | \$ 7.12 | \$ 0.72 |
| \$ 93.79 | \$ 95.82 | \$ 2.04 | Total Other Administrative Expenses | \$ 94.50 | \$ 95.50 | \$ 1.00 |
| \$ 744.52 | \$ 633.48 | \$ (111.05) | Total Operating Expenses | \$ 699.19 | \$ 640.62 | \$ (58.57) |
| \$ (42.91) | \$ 13.40 | \$ (56.31) | Net underwriting gain/(loss) | \$ (23.78) | \$ 3.34 | \$ (27.12) |
| \$ 5.11 | \$ 1.37 | \$ 3.74 | Investment Income | \$ 3.30 | \$ 1.37 | \$ 1.93 |
| \$ (37.80) | \$ 14.77 | \$ (52.57) | Oper. Income before assessments | \$ (20.48) | \$ 4.71 | \$ (25.19) |
| \$ 0.22 | \$ - | \$ (0.22) | Provision (Benefit) for income taxes | \$ 0.02 | \$ - | \$ (0.02) |
| \$ (38.02) | \$ 14.77 | \$ (52.35) | Excess of Revenues over (Expenses) | \$ (20.49) | \$ 4.71 | \$ (25.17) |

DRAFT
HEALTH NEW ENGLAND, INC.
LINE OF BUSINESS STATEMENT OF OPERATIONS
AS OF DECEMBER, 2023
UNAUDITED

DRAFT
HEALTH NEW ENGLAND, INC.
LINE OF BUSINESS STATEMENT OF OPERATIONS
FOR THE MONTH OF DECEMBER, 2023
UNAUDITED

| | COMMERCIAL ACTUAL | ASO ACTUAL | MED SUPP ACTUAL | MEDICARE ACTUAL | MEDICAID MCO ACTUAL | MEDICAID ACO ACTUAL | TOTAL ACTUAL |
|--------------------------------------|------------------------|----------------------|-----------------------|------------------------|------------------------|------------------------|-------------------------|
| Total Member months | 732,734 | 621,077 | 51,867 | 131,156 | - | 623,770 | 2,160,604 |
| REVENUE | | | | | | | |
| Premium Revenue | \$ 435,730,730 | \$ - | \$ 10,500,845 | \$ 127,675,652 | \$ - | \$ 434,933,660 | \$ 1,008,840,888 |
| Other Revenue | \$ (12,989,944) | \$ 17,656,148 | \$ 12,999 | \$ (25,176) | \$ - | \$ 215,491 | \$ 4,869,518 |
| Total Revenue | \$ 422,740,787 | \$ 17,656,148 | \$ 10,513,844 | \$ 127,650,477 | \$ - | \$ 435,149,151 | \$ 1,013,710,406 |
| OPERATING EXPENSES | | | | | | | |
| Medical expenses: | | | | | | | |
| Net Medical Expense | \$ 305,420,226 | \$ - | \$ 9,594,745 | \$ 102,019,401 | \$ - | \$ 283,740,222 | \$ 700,774,594 |
| Bonus/Withhold Return | \$ 1,227,678 | \$ - | \$ - | \$ 1,001,326 | \$ - | \$ 4,562,328 | \$ 6,791,333 |
| Pharmacy Expense | \$ 107,589,934 | \$ - | \$ 585,419 | \$ 16,820,054 | \$ - | \$ 110,433,751 | \$ 235,429,158 |
| Pharmacy Rebates | \$ (29,510,932) | \$ - | \$ (69,688) | \$ (5,242,595) | \$ - | \$ (749,879) | \$ (35,573,094) |
| Other Medical Adjustments | \$ 10,871,246 | \$ - | \$ 560,622 | \$ 6,514,209 | \$ (3,437) | \$ 5,577,868 | \$ 23,520,508 |
| Subtotal medical expense | \$ 395,598,153 | \$ - | \$ 10,671,098 | \$ 121,112,395 | \$ (3,437) | \$ 403,564,290 | \$ 930,942,499 |
| Net uw gain/(loss) pre admin | \$ 27,142,634 | \$ 17,656,148 | \$ (157,254) | \$ 6,538,082 | \$ 3,437 | \$ 31,584,861 | \$ 82,767,907 |
| | 93.6% | 0.0% | 101.5% | 94.9% | 0.0% | 92.7% | 93.5% |
| Administrative Expenses | | | | | | | |
| Direct | \$ 18,042,619 | \$ 789,930 | \$ 1,020,185 | \$ 8,011,031 | \$ - | \$ 6,097,506 | \$ 33,961,271 |
| Indirect | \$ 29,530,838 | \$ 17,303,025 | \$ 735,969 | \$ 9,408,284 | \$ - | \$ 27,788,328 | \$ 84,766,444 |
| Total administrative expenses | \$ 47,573,456 | \$ 18,092,955 | \$ 1,756,154 | \$ 17,419,315 | \$ - | \$ 33,885,835 | \$ 118,727,715 |
| | 11.3% | 102.5% | 16.7% | 13.6% | 0.0% | 7.8% | 11.7% |
| Total operating expenses | \$ 443,171,609 | \$ 18,092,955 | \$ 12,427,252 | \$ 138,531,710 | \$ (3,437) | \$ 437,450,125 | \$ 1,049,670,214 |
| Net underwriting gain/(loss) | \$ (20,430,822) | \$ (436,807) | \$ (1,913,408) | \$ (10,881,233) | \$ 3,437 | \$ (2,300,974) | \$ (35,959,808) |
| Investment Income | \$ 6,885,764 | \$ - | \$ 246,962 | \$ - | \$ - | \$ - | \$ 7,132,725 |
| Pretax gain (loss) | \$ (13,545,059) | \$ (436,807) | \$ (1,666,446) | \$ (10,881,233) | \$ 3,437 | \$ (2,300,974) | \$ (28,827,082) |
| Gain | \$ (20,430,822) | | | \$ (10,881,233) | | \$ (2,300,974) | |
| Provider Incentive | \$ 1,227,678 | | | \$ 1,001,326 | | \$ 4,562,328 | |
| Prior Year Impact | \$ 5,303,441 | | | \$ (2,540,210) | | \$ 3,055,912 | |
| | | | | \$ 7,450,462 | | \$ 7,450,462 | |
| Gain + Prov Inc | \$ (13,899,703) | | | \$ (12,420,117) | | \$ (2,767,728) | |
| Amt to share | \$ (1,389,970) | | | \$ (4,968,047) | | \$ 6,383,864 | |
| Variance to GL | \$ 2,617,649 | | | \$ 5,969,373 | | \$ (1,821,536) | |

Medicaid Adim @42.38
26435372.6
Disallowed \$ 7,450,462

| | COMMERCIAL ACTUAL | ASO ACTUAL | MED SUPP ACTUAL | MEDICARE ACTUAL | MEDICAID MCO ACTUAL | MEDICAID ACO ACTUAL | TOTAL ACTUAL |
|--------------------------------------|-----------------------|---------------------|--------------------|-----------------------|------------------------|------------------------|-----------------------|
| Total Member months | 59,928 | 51,908 | 4,307 | 11,152 | - | 50,826 | 178,121 |
| REVENUE | | | | | | | |
| Premium Revenue | \$ 36,163,886 | \$ - | \$ 868,919 | \$ 11,805,667 | \$ - | \$ 38,720,425 | \$ 87,558,896 |
| Other Revenue | \$ (1,933,729) | \$ 1,380,461 | \$ 928 | \$ (3,181) | \$ - | \$ (427,108) | \$ (982,629) |
| Total Revenue | \$ 34,230,157 | \$ 1,380,461 | \$ 869,847 | \$ 11,802,486 | \$ - | \$ 38,293,317 | \$ 86,576,268 |
| OPERATING EXPENSES | | | | | | | |
| Medical expenses: | | | | | | | |
| Net Medical Expense | \$ 27,127,911 | \$ - | \$ 737,303 | \$ 9,043,302 | \$ - | \$ 27,890,512 | \$ 64,789,029 |
| Bonus/Withhold Return | \$ 341,054 | \$ - | \$ - | \$ 116,244 | \$ - | \$ (924,739) | \$ (467,441) |
| Pharmacy Expense | \$ 9,063,730 | \$ - | \$ 9,070 | \$ 868,345 | \$ - | \$ 9,344,748 | \$ 19,285,893 |
| Pharmacy Rebates | \$ (2,583,715) | \$ - | \$ (2,273) | \$ (466,349) | \$ - | \$ (81,311) | \$ (3,133,649) |
| Other Medical Adjustments | \$ (1,475,750) | \$ - | \$ 10,737 | \$ 2,869,499 | \$ - | \$ 252,870 | \$ 1,657,355 |
| Subtotal medical expense | \$ 32,473,230 | \$ - | \$ 754,837 | \$ 12,431,040 | \$ - | \$ 36,472,080 | \$ 82,131,187 |
| Net uw gain/(loss) pre admin | \$ 1,756,926 | \$ 1,380,461 | \$ 115,010 | \$ (628,554) | \$ - | \$ 1,821,237 | \$ 4,445,080 |
| | 94.9% | 0.0% | 86.8% | 105.3% | 0.0% | 95.2% | 96.4% |
| Administrative Expenses | | | | | | | |
| Direct | \$ 1,571,232 | \$ 73,682 | \$ 78,654 | \$ 692,383 | \$ - | \$ 664,881 | \$ 3,080,832 |
| Indirect | \$ 2,213,633 | \$ 1,352,852 | \$ 60,889 | \$ 755,074 | \$ - | \$ 2,351,708 | \$ 6,734,156 |
| Total administrative expenses | \$ 3,784,865 | \$ 1,426,534 | \$ 139,543 | \$ 1,447,458 | \$ - | \$ 3,016,589 | \$ 9,814,988 |
| | 11.1% | 103.3% | 16.0% | 12.3% | 0.0% | 7.9% | 11.3% |
| Total operating expenses | \$ 36,258,095 | \$ 1,426,534 | \$ 894,380 | \$ 13,878,498 | \$ - | \$ 39,488,669 | \$ 91,946,176 |
| Net underwriting gain/(loss) | \$ (2,027,939) | \$ (46,072) | \$ (24,533) | \$ (2,076,012) | \$ - | \$ (1,195,352) | \$ (5,369,908) |
| Investment Income | \$ 885,399 | \$ - | \$ 25,114 | \$ - | \$ - | \$ - | \$ 910,513 |
| Pretax gain (loss) | \$ (1,142,540) | \$ (46,072) | \$ 581 | \$ (2,076,012) | \$ - | \$ (1,195,352) | \$ (4,459,395) |

DRAFT
HEALTH NEW ENGLAND, INC.
PERSONNEL AND OPERATING EXPENSES
AS OF DECEMBER, 2023
UNAUDITED

| CURRENT ACTUALS | CURRENT BUDGET | VARIANCE Fav/ (Unfav) | | YTD ACTUAL | YTD BUDGET | VARIANCE Fav/ (Unfav) | | PRIOR YTD ACTUAL | 2023 BUDGET |
|---------------------------|---------------------|-----------------------|----------------|----------------------|----------------------|-----------------------|---------------|----------------------|----------------------|
| PERSONNEL RELATED | | | | | | | | | |
| \$ 2,479,226 | \$ 3,471,848 | \$ 992,622 | 28.6% | \$ 44,324,854 | \$ 44,931,728 | \$ 606,874 | 1.4% | \$ 40,586,812 | \$ 44,931,728 |
| \$ 70,003 | \$ 70,864 | \$ 861 | 1.2% | \$ 1,597,376 | \$ 1,052,793 | \$ (544,583) | (51.7%) | \$ 1,685,606 | \$ 1,052,793 |
| \$ 208,327 | \$ 536,874 | \$ 328,546 | 61.2% | \$ 2,839,284 | \$ 3,112,277 | \$ 272,993 | 8.8% | \$ 2,866,032 | \$ 3,112,277 |
| \$ 1,303 | \$ 1,346 | \$ 43 | 3.2% | \$ 221,071 | \$ 186,592 | \$ (34,478) | (18.5%) | \$ 141,350 | \$ 186,592 |
| \$ 100 | \$ 7 | \$ (94) | (1381.1%) | \$ 20,939 | \$ 32,917 | \$ 11,978 | 36.4% | \$ 15,474 | \$ 32,917 |
| \$ 143,698 | \$ 216,850 | \$ 73,152 | 33.7% | \$ 2,069,157 | \$ 2,370,307 | \$ 301,150 | 12.7% | \$ 2,116,822 | \$ 2,370,307 |
| \$ 90,369 | \$ 3,686 | \$ (86,683) | (2351.6%) | \$ 129,088 | \$ 44,233 | \$ (84,855) | (191.8%) | \$ 290,581 | \$ 44,233 |
| \$ - | \$ - | \$ - | 0.0% | \$ 33,132 | \$ - | \$ (33,132) | 0.0% | \$ 5,734 | \$ - |
| \$ 328,234 | \$ 322,627 | \$ (5,607) | (1.7%) | \$ 4,369,206 | \$ 3,920,907 | \$ (448,299) | (11.4%) | \$ 3,848,147 | \$ 3,920,907 |
| \$ 5,856 | \$ 16,436 | \$ 10,579 | 64.4% | \$ 139,696 | \$ 197,227 | \$ 57,531 | 29.2% | \$ 127,654 | \$ 197,227 |
| \$ 14,185 | \$ 8,986 | \$ (5,199) | (57.9%) | \$ 118,054 | \$ 107,827 | \$ (10,227) | (9.5%) | \$ 105,115 | \$ 107,827 |
| \$ 63,063 | \$ 57,318 | \$ (5,745) | (10.0%) | \$ 599,739 | \$ 917,465 | \$ 317,726 | 34.6% | \$ 460,258 | \$ 917,465 |
| \$ 3,184 | \$ 2,500 | \$ (684) | (27.4%) | \$ 44,542 | \$ 30,000 | \$ (14,542) | (48.5%) | \$ 57,638 | \$ 30,000 |
| \$ 6,865 | \$ 7,083 | \$ 218 | 3.1% | \$ 653,135 | \$ 115,000 | \$ (538,136) | (467.9%) | \$ 337,977 | \$ 115,000 |
| \$ 9,448 | \$ 23,644 | \$ 14,196 | 60.0% | \$ 100,006 | \$ 328,600 | \$ 228,594 | 69.6% | \$ 95,601 | \$ 328,600 |
| \$ - | \$ 2,500 | \$ 2,500 | 100.0% | \$ - | \$ 30,000 | \$ 30,000 | 100.0% | \$ 200 | \$ 30,000 |
| \$ 12,602 | \$ 16,935 | \$ 4,333 | 25.6% | \$ 66,875 | \$ 142,089 | \$ 75,214 | 52.9% | \$ 49,787 | \$ 142,089 |
| \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - |
| \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - |
| \$ 3,436,464 | \$ 4,759,503 | \$ 1,323,039 | 27.8% | \$ 57,326,174 | \$ 57,519,963 | \$ 193,789 | 0.3% | \$ 52,790,787 | \$ 57,519,963 |
| OPERATING EXPENSES | | | | | | | | | |
| \$ 65,009 | \$ 40,600 | \$ (24,409) | (60.1%) | \$ 477,088 | \$ 385,750 | \$ (91,338) | (23.7%) | \$ 388,723 | \$ 385,750 |
| \$ 16,045 | \$ 14,250 | \$ (1,795) | (12.6%) | \$ 209,270 | \$ 171,000 | \$ (38,270) | (22.4%) | \$ 278,742 | \$ 171,000 |
| \$ (2,997) | \$ 12,000 | \$ 14,997 | 125.0% | \$ 85,822 | \$ 125,000 | \$ 39,178 | 31.3% | \$ 90,831 | \$ 125,000 |
| \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - |
| \$ 65,889 | \$ 101,000 | \$ 35,111 | 34.8% | \$ 1,398,883 | \$ 1,072,000 | \$ (326,883) | (30.5%) | \$ 1,278,233 | \$ 1,072,000 |
| \$ - | \$ 300 | \$ 300 | 100.0% | \$ - | \$ 3,600 | \$ 3,600 | 100.0% | \$ 454 | \$ 3,600 |
| \$ 16,300 | \$ 14,364 | \$ (1,936) | (13.5%) | \$ 204,771 | \$ 172,369 | \$ (32,402) | (18.8%) | \$ 191,748 | \$ 172,369 |
| \$ 24,590 | \$ 18,507 | \$ (6,083) | (32.9%) | \$ 357,639 | \$ 410,085 | \$ 52,447 | 12.8% | \$ 418,765 | \$ 410,085 |
| \$ 6,847 | \$ 1,750 | \$ (5,097) | (291.2%) | \$ 98,376 | \$ 21,250 | \$ (77,126) | (362.9%) | \$ 36,579 | \$ 21,250 |
| \$ 1,734 | \$ - | \$ (1,734) | 0.0% | \$ 9,610 | \$ - | \$ (9,610) | 0.0% | \$ 13,573 | \$ - |
| \$ 1,840 | \$ 3,333 | \$ 1,494 | 44.8% | \$ 38,811 | \$ 40,000 | \$ 1,189 | 3.0% | \$ 34,994 | \$ 40,000 |
| \$ 1,000 | \$ 2,500 | \$ 1,500 | 60.0% | \$ 26,000 | \$ 55,000 | \$ 29,000 | 52.7% | \$ 33,000 | \$ 55,000 |
| \$ - | \$ - | \$ - | 0.0% | \$ 1,011 | \$ 1,500 | \$ 489 | 32.6% | \$ - | \$ 1,500 |
| \$ 150,362 | \$ 41,667 | \$ (108,695) | (260.9%) | \$ 399,067 | \$ 500,000 | \$ 100,933 | 20.2% | \$ 479,674 | \$ 500,000 |
| \$ 34,500 | \$ - | \$ (34,500) | 0.0% | \$ 49,000 | \$ 44,000 | \$ (5,000) | (11.4%) | \$ 23,250 | \$ 44,000 |
| \$ 28,360 | \$ 4,167 | \$ (24,194) | (580.6%) | \$ 280,390 | \$ 50,000 | \$ (230,390) | (460.8%) | \$ 259,035 | \$ 50,000 |
| \$ 7,257 | \$ 15,417 | \$ 8,160 | 52.9% | \$ 122,828 | \$ 152,500 | \$ 29,672 | 19.5% | \$ 143,978 | \$ 152,500 |
| \$ 40,901 | \$ 47,500 | \$ 6,599 | 13.9% | \$ 489,536 | \$ 570,000 | \$ 80,464 | 14.1% | \$ 453,799 | \$ 570,000 |
| \$ 424,991 | \$ 217,827 | \$ (207,163) | (95.1%) | \$ 3,711,543 | \$ 2,582,741 | \$ (1,128,803) | (43.7%) | \$ 2,382,520 | \$ 2,582,741 |
| \$ 289,179 | \$ 163,332 | \$ (125,847) | (77.0%) | \$ 2,362,994 | \$ 2,038,464 | \$ (324,530) | (15.9%) | \$ 2,064,887 | \$ 2,038,464 |
| \$ 177,623 | \$ 169,667 | \$ (7,957) | (4.7%) | \$ 2,005,633 | \$ 2,056,000 | \$ 50,367 | 2.4% | \$ 2,860,358 | \$ 2,056,000 |
| \$ 6,881 | \$ 4,167 | \$ (2,714) | (65.1%) | \$ 54,587 | \$ 52,504 | \$ (2,083) | (4.0%) | \$ 61,551 | \$ 52,504 |
| \$ 57,502 | \$ 65,926 | \$ 8,425 | 12.8% | \$ 782,584 | \$ 791,115 | \$ 8,531 | 1.1% | \$ 777,891 | \$ 791,115 |
| \$ (364,802) | \$ 317 | \$ 365,119 | 115299.5% | \$ (145,928) | \$ 3,800 | \$ 149,728 | 3940.2% | \$ (276,077) | \$ 3,800 |
| \$ 11,667 | \$ 16,667 | \$ 5,000 | 30.0% | \$ 195,000 | \$ 220,000 | \$ 25,000 | 11.4% | \$ 200,000 | \$ 220,000 |
| \$ - | \$ 8 | \$ 8 | 100.0% | \$ - | \$ 100 | \$ 100 | 100.0% | \$ - | \$ 100 |
| \$ - | \$ - | \$ - | 0.0% | \$ 4,600 | \$ 11,600 | \$ 7,000 | 60.3% | \$ 5,887 | \$ 11,600 |
| \$ 34,809 | \$ 33,645 | \$ (1,164) | (3.5%) | \$ 385,241 | \$ 358,465 | \$ (26,776) | (7.5%) | \$ 335,511 | \$ 358,465 |
| \$ 2,312 | \$ 3,333 | \$ 1,021 | 30.6% | \$ 32,662 | \$ 40,000 | \$ 7,338 | 18.3% | \$ 27,504 | \$ 40,000 |
| \$ 1,161,486 | \$ 798,457 | \$ (363,029) | (45.5%) | \$ 9,292,304 | \$ 9,819,416 | \$ 527,111 | 5.4% | \$ 10,286,483 | \$ 9,819,416 |
| \$ 10,812 | \$ 8,750 | \$ (2,062) | (23.6%) | \$ 74,064 | \$ 105,000 | \$ 30,936 | 29.5% | \$ 46,504 | \$ 105,000 |
| \$ 192 | \$ 3,810 | \$ 3,618 | 95.0% | \$ 4,213 | \$ 45,723 | \$ 41,510 | 90.8% | \$ 5,105 | \$ 45,723 |
| \$ 33,643 | \$ 35,658 | \$ 2,015 | 5.7% | \$ 362,488 | \$ 427,900 | \$ 65,412 | 15.3% | \$ 334,589 | \$ 427,900 |
| \$ - | \$ 3,333 | \$ 3,333 | 100.0% | \$ 14,140 | \$ 40,000 | \$ 25,860 | 64.7% | \$ 7,703 | \$ 40,000 |
| \$ - | \$ 625 | \$ 625 | 100.0% | \$ 4,239 | \$ 7,500 | \$ 3,261 | 43.5% | \$ 10,423 | \$ 7,500 |
| \$ 46,481 | \$ 24,750 | \$ (21,731) | (87.8%) | \$ 232,815 | \$ 255,750 | \$ 22,935 | 9.0% | \$ 270,182 | \$ 255,750 |
| \$ 69,683 | \$ 45,200 | \$ (24,483) | (54.2%) | \$ 270,466 | \$ 542,400 | \$ 271,934 | 50.1% | \$ 611,174 | \$ 542,400 |
| \$ (2,309) | \$ - | \$ 2,309 | 0.0% | \$ (27,211) | \$ - | \$ 27,211 | 0.0% | \$ (23,201) | \$ - |
| \$ 12,715 | \$ 12,917 | \$ 202 | 1.6% | \$ 41,786 | \$ 75,000 | \$ 33,215 | 44.3% | \$ 46,936 | \$ 75,000 |
| \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - |
| \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - |
| \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - |
| \$ - | \$ - | \$ - | 0.0% | \$ 10,000 | \$ - | \$ (10,000) | 0.0% | \$ 7,981 | \$ - |
| \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - |
| \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - | \$ - | 0.0% | \$ - | \$ - |
| \$ 2,430,501 | \$ 1,925,745 | \$ (504,756) | (26.2%) | \$ 23,916,321 | \$ 23,247,532 | \$ (668,790) | (2.9%) | \$ 24,169,287 | \$ 23,247,532 |

Balance Sheet
As of 12/31/2023

Health New England, Inc. (HNE)

ASSETS

CURRENT ASSETS

| | | | | |
|-----------|--------------------------------------|----|---------------|------------------|
| 111-04-00 | OPERATING ACCOUNT - BOA | \$ | 11,137,296.10 | |
| 111-08-00 | MONEY MARKET FUND | \$ | 2,565,318.38 | |
| 111-09-00 | BENEFIT ACCOUNT - CNB | \$ | -2,377,514.92 | |
| 111-15-00 | INTEREST -BEARING ACCT BOA | \$ | 59,857,377.42 | |
| 111-16-00 | BANK ACCOUNT - UHC | \$ | -875.98 | |
| 111-20-00 | MA FLEX BENEFITS OPERATING ACCOUNT | \$ | 108,799.78 | |
| 112-00-00 | PREMIUM RECEIVABLE | \$ | 2,472,137.51 | |
| 112-00-34 | PREMIUM RECEIVABLE: MEDICARE | \$ | 133,264.40 | |
| 112-00-46 | PREMIUM RECEIVABLE: MEDICAID ACO | \$ | 2,196,330.30 | |
| 112-01-00 | ALLOWANCE FOR BAD DEBT | \$ | -978,208.22 | |
| 112-01-34 | ALLOWANCE FOR BAD DEBT: MEDICARE | \$ | -116,336.58 | |
| 112-01-46 | ALLOWANCE FOR BAD DEBT: MEDICAID ACO | \$ | -883,249.41 | |
| 112-02-34 | PREMIUM RECEIVABLE: MEDICARE | \$ | 2,046,082.00 | |
| 112-03-34 | PART D RECON RECEIVABLE: MEDICARE | \$ | 4,763,466.51 | |
| 112-09-00 | HEALTHSHARE - CONTRA PREMIUM | \$ | -145,602.45 | |
| 113-00-00 | PREPAID - INSURANCE | \$ | 196,438.27 | |
| 113-02-00 | PREPAID - OTHER | \$ | 3,130,054.38 | |
| 113-03-00 | PREPAID - POSTAGE | \$ | 33,834.05 | |
| 117-00-00 | U.S TREASURY NOTES (ST) | \$ | 795,757.88 | |
| | Total CURRENT ASSETS: | | | \$ 84,934,369.42 |

LONG TERM ASSETS

| | | | | |
|-----------|---|----|----------------|-----------------|
| 121-00-00 | PC & NETWORK HARDWARE | \$ | 11,994,479.22 | |
| 121-01-00 | PC & NETWORK HARDWARE - A/D | \$ | -11,155,920.45 | |
| 121-02-00 | PC & NETWORK SOFTWARE | \$ | 12,179,211.22 | |
| 121-02-34 | PC & NETWORK SOFTWARE: MEDICARE | \$ | 4,640.00 | |
| 121-02-46 | PC & NETWORK HARDWARE: MEDICAID ACO | \$ | 51,004.59 | |
| 121-03-00 | PC & NETWORK SOFTWARE - A/D | \$ | -11,565,904.09 | |
| 121-03-34 | PC & NETWORK SOFTWARE - A/D: MEDICARE | \$ | -4,640.00 | |
| 121-03-46 | PC & NETWORK HARDWARE - A/D: MEDICAID ACO | \$ | -51,004.59 | |
| 121-08-00 | OFFICE FURN & FIXTURES | \$ | 543,004.37 | |
| 121-09-00 | OFFICE FURN & FIXTURES - A/D | \$ | -541,146.27 | |
| 121-10-00 | OFFICE EQUIPMENT | \$ | 1,612,188.71 | |
| 121-11-00 | OFFICE EQUIPMENT - A/D | \$ | -1,612,188.71 | |
| 121-12-00 | AUTOMOBILE | \$ | 38,804.82 | |
| 121-13-00 | AUTOMOBILE - A/D | \$ | -32,522.15 | |
| 121-14-00 | LEASEHOLD IMPROVEMENT | \$ | 373,379.78 | |
| 121-15-00 | LEASEHOLD IMPROVEMENT - A/D | \$ | -373,379.78 | |
| 121-18-00 | LEASED EQUIPMENT | \$ | 1,001.00 | |
| 121-19-00 | LEASED EQUIPMENT - ACCUM AMORT | \$ | -1,001.00 | |
| 121-32-00 | AMISYS ADVANCE SWRE | \$ | 2,976,389.78 | |
| 121-33-00 | AMISYS ADVANCE SWRE - A/D | \$ | -56,255.93 | |
| 121-36-00 | CONSTRUCTION IN PROGRESS (CIP) | \$ | 1,189,937.79 | |
| | Total LONG TERM ASSETS: | | | \$ 5,570,078.31 |

OTHER ASSETS

| | | | |
|-----------|-----------------------------|----|----------------|
| 122-08-00 | INVESTMENT INCOME - HOC | \$ | 4,486,887.84 |
| 122-10-00 | INVESTMENT INCOME - HHC | \$ | -9,472,235.60 |
| 123-00-00 | 100% U.S TREASURY MMKT FUND | \$ | 471,172.65 |
| 123-01-00 | LONG TERM BONDS | \$ | 143,535,953.40 |
| 123-01-01 | STOCK MUTUAL FUNDS | \$ | 22,349,474.66 |
| 123-03-02 | PHARMACY REBATE RECEIVABLE | \$ | 5,009,337.53 |

THESE FINANCIAL STATEMENTS ARE FOR INTERNAL USE ONLY

Balance Sheet
As of 12/31/2023

Health New England, Inc. (HNE)

| OTHER ASSETS | | (Continued) | |
|---------------------|--|-------------|-------------------|
| 123-03-34 | PHARMACY REBATE RECEIVABLE: MEDICARE | \$ | 1,033,804.66 |
| 123-03-46 | PHARMACY REBATE RECEIVABLE: MEDICAID ACO | \$ | 173,101.22 |
| 123-06-00 | THIRD PARTY RECOVERABLE | \$ | 1,761,617.86 |
| 123-07-00 | DUE FROM HAS | \$ | 21,829,156.00 |
| 123-08-00 | DUE FROM HNE IC | \$ | 103,195.88 |
| 123-10-00 | ACCOUNTS RECEIVABLE - OTHER | \$ | 2,021,081.30 |
| 123-10-01 | ACCOUNTS RECEIVABLE - INTEREST | \$ | 797,309.35 |
| 123-10-03 | OTHER RECEIVABLES - BAYSTATE | \$ | 193,353.13 |
| 123-12-00 | INVESTMENT RECEIVABLE | \$ | 2,699,488.89 |
| 123-14-00 | CLAIMS NEG BALANCE RECEIVABLE | \$ | 635,062.21 |
| 123-14-34 | CLAIMS NEG BALANCE RECEIVABLE: MEDICARE | \$ | 24,375.52 |
| 123-14-46 | CLAIMS NEG BALANCE RECEIVABLE: MEDICAID ACO | \$ | 37,232.43 |
| 123-15-00 | ALLOWANCE FOR NEG BAL RECEIVABLE | \$ | -295,462.45 |
| 123-15-34 | ALLOWANCE FOR NEG BAL RECEIVABLE: MEDICARE | \$ | -19,756.85 |
| 123-15-46 | ALLOWANCE FOR NEG BAL RECEIVABLE: MEDICAID ACO | \$ | -26,433.98 |
| 124-00-00 | HEALTH PLAN ALLIANCE STOCK | \$ | 379,967.00 |
| 124-02-00 | RIGHT OF USE ASSET - LT | \$ | 5,610,297.00 |
| 125-00-00 | ACA RISK ADJUSTMENT RECEIVABLE | \$ | 345,421.19 |
| | Total OTHER ASSETS: | | \$ 203,683,400.84 |
| | Total ASSETS: | | \$ 294,187,848.57 |

| LIABILITIES | | | |
|----------------------------|---|----|---------------|
| CURRENT LIABILITIES | | | |
| 211-00-00 | A/P SYSTEM GENERATED | \$ | 7,134,922.88 |
| 211-00-01 | A/P SYSTEM GENERATED-CONTRA | \$ | -4,413,811.93 |
| 211-01-34 | PART D RECON PAYABLE: MEDICARE | \$ | 1,206,036.96 |
| 211-02-00 | ACCOUNTS PAYABLE MANUAL | \$ | 5,929,518.28 |
| 211-03-00 | ACCOUNTS PAYABLE MANUAL - BAYSTATE | \$ | 3,551,041.01 |
| 211-05-00 | CY HSF MEDICAL ADMIN | \$ | 393,833.01 |
| 211-05-34 | CY HSF MEDICAL ADMIN: MCARE | \$ | 352,367.36 |
| 211-05-46 | CY HSF MEDICAL ADMIN: MCAID ACO | \$ | 314,831.58 |
| 211-06-00 | SALES TAX PAYABLE | \$ | 28,353.27 |
| 211-06-46 | COMMUNITY PARTNERS: MCAID ACO | \$ | -302,303.41 |
| 211-07-00 | ABANDONED PROPERTY PAYABLE | \$ | 728,238.69 |
| 211-10-00 | ACA RISK ADJUSTMENT PAYABLE | \$ | 12,790,638.10 |
| 211-11-46 | CORRIDOR PAYABLE: MEDICAID ACO | \$ | 44,699,843.24 |
| 212-00-00 | ACCRUED WAGES | \$ | 3,610,570.84 |
| 212-01-00 | ACCRUED VAC/SICK | \$ | 2,133,439.71 |
| 212-02-00 | 401K PAYABLE | \$ | 560,446.12 |
| 212-03-00 | FICA PAYABLE | \$ | 409,191.77 |
| 212-04-00 | FUTA PAYABLE | \$ | 37.25 |
| 212-05-00 | SUTA PAYABLE | \$ | 340.63 |
| 212-08-00 | OTHER PAYABLE | \$ | 19,816.65 |
| 212-09-00 | OTHER DEDUCTIBLE | \$ | 15,120.10 |
| 212-10-00 | ADVANTAGE PREMIUM - STATE TAX | \$ | -1,360.00 |
| 212-13-46 | DSRIP YEAR 0 LIABILITY: MEDICAID ACO | \$ | -425,121.66 |
| 212-15-00 | INVESTMENT PAYABLE | \$ | 1,150,238.74 |
| 212-16-46 | FLEXIBLE SERVICES OF THE FPP: MCAID ACO | \$ | 363,925.89 |
| 213-03-00 | PROVIDER REFUND DEPOSITS | \$ | 100,540.20 |
| 214-01-00 | FEDERAL TAXES PAYABLE | \$ | 43,000.00 |
| 216-01-00 | PHARMACY PAYABLE | \$ | 4,400,711.93 |
| 216-01-34 | PHARMACY PAYABLE: MEDICARE | \$ | 168,191.00 |

THESE FINANCIAL STATEMENTS ARE FOR INTERNAL USE ONLY

Balance Sheet
As of 12/31/2023

Health New England, Inc. (HNE)

| CURRENT LIABILITIES | | (Continued) | |
|----------------------------|---|--------------------|-------------------|
| 216-02-34 | PREMIUM DEFICENCY RESERVE: MEDICARE | \$ | 2,819,640.00 |
| 216-03-00 | PY CLAIMS PAYABLE | \$ | 2,710,819.20 |
| 216-03-34 | PY CLAIMS PAYABLE: MEDICARE | \$ | 197,423.73 |
| 216-03-46 | PY CLAIMS PAYABLE: MEDICAID ACO | \$ | 658,828.07 |
| 216-04-00 | CY CLAIMS PAYABLE | \$ | 40,311,108.55 |
| 216-04-34 | CY CLAIMS PAYABLE: MEDICARE | \$ | 11,709,276.54 |
| 216-04-46 | CY CLAIMS PAYABLE: MEDICAID ACO | \$ | 22,118,962.78 |
| 216-05-00 | CY PROVIDER INCENTIVE LIABILITY | \$ | 1,227,678.23 |
| 216-05-34 | CY PROVIDER INCENTIVE LIABILITY: MEDICARE | \$ | 1,001,326.44 |
| 216-05-46 | CY PROVIDER INCENTIVE LIABILITY: MEDICAID ACO | \$ | 4,562,328.10 |
| 216-06-00 | PY RISK POOL PAYABLE | \$ | 1,430.76 |
| 216-06-46 | PY RISK POOL PAYABLE: MEDICAID ACO | \$ | 1,703,049.45 |
| 216-07-00 | CY RISK POOL PAYABLE | \$ | 909.55 |
| 216-07-46 | CY RISK POOL PAYABLE: MEDICAID ACO | \$ | 113,159.36 |
| 216-08-00 | IBNR MARGIN | \$ | 3,441,757.89 |
| 216-08-34 | IBNR MARGIN: MEDICARE | \$ | 952,536.02 |
| 216-08-46 | IBNR MARGIN: MEDICAID ACO | \$ | 2,765,947.54 |
| 216-09-00 | PY CLAIMS PAYABLE - HMS | \$ | 291,366.96 |
| 216-11-46 | PY MHSA CLAIMS PAYABLE: MEDICAID ACO | \$ | 178,026.64 |
| 216-12-46 | CY MHSA CLAIMS PAYABLE: MEDICAID ACO | \$ | 11,611,328.84 |
| 216-15-00 | PY PROVIDER INCENTIVE LIABILITY | \$ | 101.00 |
| 216-15-34 | PY PROVIDER INCENTIVE LIABILITY: MEDICARE | \$ | -0.41 |
| 216-15-46 | PY PROVIDER INCENTIVE LIABILITY: MEDICAID ACO | \$ | 13,199,351.09 |
| 216-16-00 | LOSS ADJUSTMENT EXPENSE | \$ | 1,075,549.34 |
| 216-16-34 | LOSS ADJUSTMENT EXPENSE: MEDICARE | \$ | 297,667.51 |
| 216-16-46 | LOSS ADJUSTMENT EXPENSE: MEDICAID ACO | \$ | 864,358.61 |
| 216-17-00 | CY OTHER MED PAYABLE | \$ | 4,325,736.78 |
| 216-17-34 | CY OTHER MED PAYABLE: MEDICARE | \$ | 1,293,268.35 |
| 216-17-46 | CY OTHER MED PAYABLE: MEDICAID ACO | \$ | 321,761.51 |
| 216-18-34 | PY OTHER MED PAYABLE: MEDICARE | \$ | 106,382.00 |
| 216-19-00 | CY CLAIMS PAYABLE - HMS | \$ | 331,830.59 |
| 217-00-00 | UNEARNED PREMIUM | \$ | 10,925,170.36 |
| 217-00-34 | UNEARNED PREMIUM: MEDICARE | \$ | 333,479.50 |
| 217-07-46 | UNEARNED PREMIUM: MEDICAID ACO | \$ | 4,844,977.94 |
| 217-09-00 | COST SHARE REDUCTION LIABILITY | \$ | 697,485.53 |
| 218-04-00 | LEASE LIABILITY - ST | \$ | 911,476.00 |
| 219-00-00 | DUE TO HNEISC | \$ | 157,699.96 |
| | Total CURRENT LIABILITIES: | | \$ 233,025,798.52 |
| LONG TERM DEBT | | | |
| 221-01-00 | SUBOR. NOTE COMMIT. & ACCR INT | \$ | 20,000,000.00 |
| 221-06-00 | LEASE LIABILITY - LT | \$ | 4,698,821.00 |
| | Total LONG TERM DEBT: | | \$ 24,698,821.00 |
| | Total LIABILITIES: | | \$ 257,724,619.52 |
| EQUITY | | | |
| 311-00-00 | CLASS A STOCK @ PAR | \$ | 5,000,000.00 |
| 313-00-00 | RETAINED EARNINGS - PRIOR | \$ | 74,297,032.39 |
| 313-00-00 | Retained Earnings-Current Year | \$ | -28,867,857.03 |
| 315-00-00 | UNREALIZED GAINS/LOSS LT BONDS | \$ | -13,131,641.08 |
| 315-03-00 | UNREALIZED GAINS/STOCK MUTUAL FUND | \$ | -834,305.23 |
| | Total EQUITY: | | \$ 36,463,229.05 |

THESE FINANCIAL STATEMENTS ARE FOR INTERNAL USE ONLY

**Balance Sheet
As of 12/31/2023**

Health New England, Inc. (HNE)

Total LIABILITIES & EQUITY:

\$ 294,187,848.57

THESE FINANCIAL STATEMENTS ARE FOR INTERNAL USE ONLY

Balance Sheet
As of 12/31/2023

HNE Advisory Services, Inc. (HAS)

ASSETS

CURRENT ASSETS

| | | | | |
|-----------|---|----|---------------|--|
| 111-04-00 | OPERATING ACCOUNT - BOA | \$ | 14,150,205.11 | |
| 111-09-00 | BENEFIT ACCOUNT - CNB | \$ | -1,107,935.52 | |
| 112-02-00 | UNBILLED RECEIVABLE FROM SELECT ACCTS | \$ | 2,576,977.10 | |
| 115-01-00 | DEFERRED TAXES - STATE | \$ | 1,854,986.80 | |
| 115-02-00 | DEFERRED TAXES - FEDERAL | \$ | 5,644,977.79 | |
| 115-02-01 | DEFERRED TAXES VALUATION - CONTRA ASSET | \$ | -7,499,964.59 | |

Total CURRENT ASSETS: \$ 15,619,246.69

OTHER ASSETS

| | | | | |
|-----------|----------------------------|----|------------|--|
| 123-03-02 | PHARMACY REBATE RECEIVABLE | \$ | 580,335.27 | |
|-----------|----------------------------|----|------------|--|

Total OTHER ASSETS: \$ 580,335.27

Total ASSETS: \$ 16,199,581.96

LIABILITIES

| | | | | |
|-----------|----------------------------|----|---------------|--|
| 211-00-00 | A/P SYSTEM GENERATED | \$ | 722,836.83 | |
| 211-02-00 | ACCOUNTS PAYABLE MANUAL | \$ | 1,723,085.77 | |
| 211-04-00 | DUE TO CLIENTS | \$ | 4,938,085.08 | |
| 211-05-00 | DUE TO CLIENTS | \$ | 105,857.60 | |
| 211-07-00 | ABANDONED PROPERTY PAYABLE | \$ | 154,919.00 | |
| 215-00-00 | DUE TO HNE | \$ | 21,829,156.00 | |

Total LIABILITIES: \$ 29,473,940.28

EQUITY

| | | | | |
|-----------|--------------------------------|----|----------------|--|
| 311-00-00 | CLASS A STOCK @ PAR | \$ | 100.00 | |
| 312-00-00 | COMMON STOCK (APIC) | \$ | 300,000.00 | |
| 313-00-00 | RETAINED EARNINGS - PRIOR | \$ | -13,136,251.45 | |
| 313-00-00 | Retained Earnings-Current Year | \$ | -438,206.87 | |

Total EQUITY: \$ -13,274,358.32

Total LIABILITIES & EQUITY: \$ 16,199,581.96

Balance Sheet
As of 12/31/2023

HNE Holding Company, Inc. (HHC)

Assets

| | | | | |
|-----------|----------------------------|----|----------------|------------------|
| 122-04-00 | INVESTMENT INCOME - HAS | \$ | -13,274,358.32 | |
| 122-05-00 | INVESTMENT INCOME - HNEISC | \$ | 157,699.96 | |
| 122-07-00 | INVESTMENT INCOME - HNE IC | \$ | 3,644,415.43 | |
| | Total Assets: | | | \$ -9,472,242.93 |

Equity

| | | | | |
|-----------|--|----|----------------|------------------|
| 312-00-00 | COMMON STOCK (APIC) | \$ | 3,500,000.00 | |
| 313-00-00 | RETAINED EARNINGS - PRIOR | \$ | -10,889,063.63 | |
| 313-00-00 | Retained Earnings-Current Year | \$ | -2,083,179.30 | |
| | Total Equity: | | | \$ -9,472,242.93 |
| | Total Liabilities & Equity: | | | \$ -9,472,242.93 |

Balance Sheet
As of 12/31/2023

HNE Insurance Company (HIC)

Assets

CURRENT ASSETS

| | | | | |
|-----------|---|----|--------------|--|
| 111-04-00 | OPERATING ACCOUNT - BOA | \$ | 6,037,657.74 | |
| 111-09-00 | BENEFIT ACCOUNT - CNB | \$ | -174,094.92 | |
| 112-00-00 | PREMIUM RECEIVABLE | \$ | 8,094.17 | |
| 112-01-00 | ALLOWANCE FOR BAD DEBT | \$ | -773.80 | |
| 113-02-00 | PREPAID - OTHER | \$ | -0.01 | |
| 115-02-00 | DEFERRED TAXES - FEDERAL | \$ | 99,465.33 | |
| 115-02-01 | DEFERRED TAXES VALUATION - CONTRA ASSET | \$ | -99,465.33 | |

Total CURRENT ASSETS: \$ 5,870,883.18

OTHER ASSETS

| | | | | |
|-----------|----------------------------------|----|-----------|--|
| 123-03-02 | PHARMACY REBATE RECEIVABLE | \$ | 840.85 | |
| 123-14-00 | CLAIMS NEG BALANCE RECEIVABLE | \$ | 10,418.94 | |
| 123-15-00 | ALLOWANCE FOR NEG BAL RECEIVABLE | \$ | -5,695.83 | |

Total OTHER ASSETS: \$ 5,563.96

Total Assets: \$ 5,876,447.14

Liabilities

| | | | | |
|-----------|----------------------------|----|--------------|--|
| 211-00-00 | A/P SYSTEM GENERATED | \$ | -1,500.00 | |
| 211-02-00 | ACCOUNTS PAYABLE MANUAL | \$ | 13,773.01 | |
| 211-07-00 | ABANDONED PROPERTY PAYABLE | \$ | 32,445.37 | |
| 215-00-00 | DUE TO HNE | \$ | 103,195.88 | |
| 216-02-00 | PREMIUM DEFICIENCY RESERVE | \$ | 351,080.00 | |
| 216-04-00 | CY CLAIMS PAYABLE | \$ | 1,269,823.31 | |
| 216-08-00 | IBNR MARGIN | \$ | 101,585.87 | |
| 216-16-00 | LOSS ADJUSTMENT EXPENSE | \$ | 31,745.58 | |
| 217-00-00 | UNEARNED PREMIUM | \$ | 329,882.69 | |

Total Liabilities: \$ 2,232,031.71

Equity

| | | | | |
|-----------|--------------------------------|----|---------------|--|
| 311-00-00 | CLASS A STOCK @ PAR | \$ | 2,000,000.00 | |
| 312-00-00 | COMMON STOCK (APIC) | \$ | 6,500,000.00 | |
| 313-00-00 | RETAINED EARNINGS - PRIOR | \$ | -3,192,763.91 | |
| 313-00-00 | Retained Earnings-Current Year | \$ | -1,662,820.66 | |

Total Equity: \$ 3,644,415.43

Total Liabilities & Equity: \$ 5,876,447.14

Balance Sheet
As of 12/31/2023

HNE Insurance Services Corporation (HIS)

ASSETS

| | | | | |
|-----------|----------------------|----|------------|----------------------|
| 122-00-00 | DUE FROM HNE | \$ | 157,699.96 | |
| | Total ASSETS: | | | \$ <u>157,699.96</u> |

EQUITY

| | | | | |
|-----------|--|----|------------|----------------------|
| 313-00-00 | RETAINED EARNINGS - PRIOR | \$ | 139,751.73 | |
| 313-00-00 | Retained Earnings-Current Year | \$ | 17,848.23 | |
| 313-01-00 | SPECIAL SURPLUS | \$ | 100.00 | |
| | Total EQUITY: | | | \$ <u>157,699.96</u> |
| | Total LIABILITIES & EQUITY: | | | \$ <u>157,699.96</u> |

Balance Sheet
As of 12/31/2023

HNE of Connecticut Inc. (HOC)

Assets

CURRENT ASSETS

| | | | | |
|-----------|------------------------------|----|--------------|---------------------|
| 111-04-00 | OPERATING ACCOUNT - BOA | \$ | 4,486,887.84 | |
| | Total CURRENT ASSETS: | | \$ | 4,486,887.84 |
| | Total Assets: | | \$ | <u>4,486,887.84</u> |

Equity

| | | | | |
|-----------|--|----|---------------|---------------------|
| 311-01-00 | CLASS B STOCK @ PAR | \$ | 5,500,000.00 | |
| 313-00-00 | RETAINED EARNINGS - PRIOR | \$ | -1,191,521.18 | |
| 313-00-00 | Retained Earnings-Current Year | \$ | 178,409.02 | |
| | Total Equity: | | \$ | <u>4,486,887.84</u> |
| | Total Liabilities & Equity: | | \$ | <u>4,486,887.84</u> |

Schedule 5.3(b)

Financial Statements

1. Surplus Note, dated December 28, 2015, by and between Health New England, Inc. and Baystate Health, Inc, as amended by that 2019 Amendment to Surplus Note, dated October 2019 (the “**Surplus Note**”).

Schedule 5.4

No Undisclosed Liabilities

None.

Schedule 5.6(a)

Absence of Certain Changes

None.

Schedule 5.6(b)

Absence of Certain Changes

None.

Schedule 5.7(a)

Assets

None.

Schedule 5.7(b)

Assets

None.

Schedule 5.8(b)

Real Property

Lease, dated September 26, 2019, by and between Picknelly Family Limited Partnership and Health New England Inc, for One Monarch Place, Third Floor, Springfield, MA (the “**Monarch Place Lease**”).

Schedule 5.8(c)

Real Property

None.



Schedule 5.9(a)(i)


Intellectual Property

Registered Intellectual Property


Trademarks:



| Trademark / Reg. No. / App. No. | Status / Key Dates | Goods / Services | Owner Information |
|--|---|--|--|
| BE HEALTHY RN: 6593269 SN: 90218239 | Registered, December 21, 2021 Int'l Class: 44 First Use: January 1, 2016 Filed: September 28, 2020 Registered: December 21, 2021 Register Type: Principal Register | Int'l Class: 44 (Int'l Class: 44) health care in the nature of health maintenance organizations | Health New England, Inc. (Massachusetts Corporation) One Monarch Place, Ste 1500, Springfield, Massachusetts 01144 United States of America |
| BE HEALTHY PARTNERSHIP RN: 5868992 SN: 87710571 Disclaimer: "PARTNERSHIP" | Registered, September 24, 2019 Int'l Class: 36,44 First Use: February, 2018 Filed: December 6, 2017 Registered: September 24, 2019 Register Type: Principal Register | Int'l Class: 36, 44 (Int'l Class: 36) Medical insurance, namely, administration, and management in the nature of medical insurance for accountable health care organizations (Int'l Class: 44) Health care provided by accountable care organizations; integrated medical services, namely, operating a health maintenance organization which addresses health and medical care for its members through a network of selected health care providers; behavioral health services; dental care in the nature of dentistry; home health care services; medical and pharmaceutical consultation; medical services; nursing services; physician services; health and wellness support services, namely, providing healthcare information services to address social determinants of health; hospital services; and long term health care services and medical support services | Health New England, Inc. (Massachusetts Corporation) ONE MONARCH PLACE, SUITE 1500, Springfield, MA 01144 United States of America |
| BE HEALTHY PARTNERSHIP (Stylized)  RN: 5868990 SN: 87710237 Disclaimer: "PARTNERSHIP" | Registered, September 24, 2019 Int'l Class: 36,44 First Use: February, 2018 Filed: December 6, 2017 Registered: September 24, 2019 Register Type: Principal Register | Int'l Class: 36, 44 (Int'l Class: 36) Medical insurance, namely, administration, and management in the nature of medical insurance for accountable health care organizations (Int'l Class: 44) Health care provided by accountable care organizations; integrated medical services, namely, operating a health maintenance organization which addresses health and medical care for its | Health New England, Inc. (Massachusetts Corporation) ONE MONARCH PLACE, SUITE 1500, Springfield, MA 01144 United States of America |




| Trademark / Reg. No. / App. No. | Status / Key Dates | Goods / Services | Owner Information |
|--|---|--|---|
| | | <p>members through a network of selected health care providers; behavioral health services; dental care in the nature of dentistry; home health care services; medical and pharmaceutical consultation; medical services; nursing services; physician services; health and wellness support services, namely, providing healthcare information services to address social determinants of health; hospital services; and long term health care services and medical support services</p> | |
| <p>BE HEALTHY PARTNERSHIP (Stylized)</p>  <p>RN: 6969499 SN: 88794939 Disclaimer: "PARTNERSHIP"</p> | <p>Registered, January 31, 2023 Office Status: Registered Int'l Class: 36,44 First Use: January 1, 2018 Filed: February 12, 2020 Registered: January 31, 2023 Register Type: Principal Register</p> | <p>Int'l Class: 36, 44 (Int'l Class: 36) Medical insurance, namely, underwriting, administration, and management of medical insurance for accountable health care organizations (Int'l Class: 44) Health care provided by accountable care organizations; integrated medical services, namely, operating a health maintenance organization which addresses health and medical care for its members through a network of selected health care providers; behavioral health services; dental care in the nature of dentistry services; home health care services; medical and pharmaceutical consultation; medical services; nursing services; physician services; health and wellness support services, namely, providing healthcare information to address social determinants of health; hospital services; and long term health care services and medical support services</p> | <p>Health New England, Inc. (Massachusetts Corporation) One Monarch Place Suite 1500, Springfield, Massachusetts 01144 United States of America</p> |
| <p>BE HEALTHY PARTNERSHIP (Stylized)</p>  <p>RN: 6969498 SN: 88794842 Disclaimer: "PARTNERSHIP"</p> | <p>Registered, January 31, 2023 Office Status: Registered Int'l Class: 36,44 First Use: January 1, 2018 Filed: February 12, 2020 Registered: January 31, 2023 Register Type: Principal Register</p> | <p>Int'l Class: 36, 44 (Int'l Class: 36) Medical insurance, namely, underwriting, administration, and management of medical insurance for accountable health care organizations (Int'l Class: 44) Health care provided by accountable care organizations; integrated medical services, namely, operating a health maintenance organization which addresses health and medical care for its members through a network of selected health care providers; behavioral health services; dental care in the nature of dentistry services; home health care</p> | <p>Health New England, Inc. (Massachusetts Corporation) One Monarch Place Suite 1500, Springfield, Massachusetts 01144 United States of America</p> |


| Trademark / Reg. No. / App. No. | Status / Key Dates | Goods / Services | Owner Information |
|--|--|---|--|
| | | services; medical and pharmaceutical consultation; medical services; nursing services; physician services; health and wellness support services, namely, providing healthcare information to address social determinants of health; hospital services; and long term health care services and medical support services | |
| <p>BE HEALTHY PARTNERSHIP BAYSTATE HEALTH CARE ALLIANCE IN PARTNERSHIP WITH HEALTH NEW ENGLAND (Stylized)</p>  <p>RN: 5863681 SN: 87710519 Disclaimer: "PARTNERSHIP" AND "HEALTH CARE ALLIANCE"</p> | <p>Registered, September 17, 2019 Int'l Class: 36,44 First Use: January, 2018 Filed: December 6, 2017 Registered: September 17, 2019 Register Type: Principal Register - Sec. 2(F)</p> | <p>Int'l Class: 36, 44 (Int'l Class: 36) Medical insurance, namely, underwriting, administration, and management in the nature of medical insurance underwriting for accountable health care organizations (Int'l Class: 44) Health care provided by accountable care organizations; integrated medical services, namely, operating a health maintenance organization which addresses health and medical care for its members through a network of selected health care providers; behavioral health services; dental care in the nature of dentistry; home health care services; medical and pharmaceutical consultation; medical services; nursing services; physician services; health and wellness support services, namely, providing healthcare information services to address social determinants of health; hospital services; and long term health care services and medical support services</p> | <p>Health New England, Inc. (Massachusetts Corporation) ONE MONARCH PLACE, SUITE 1500, Springfield, Massachusetts 01144 United States of America</p> |
| <p>BE HEALTHY PARTNERSHIP BAYSTATE HEALTH CARE ALLIANCE IN PARTNERSHIP WITH HEALTH NEW ENGLAND RN: 5863682 SN: 87710621 Disclaimer: "PARTNERSHIP" AND "HEALTH CARE ALLIANCE"</p> | <p>Registered, September 17, 2019 Int'l Class: 36,44 First Use: January, 2018 Filed: December 6, 2017 Registered: September 17, 2019 Register Type: Principal Register - Sec. 2(F)</p> | <p>Int'l Class: 36, 44 (Int'l Class: 36) Medical insurance, namely, underwriting, administration, and management in the nature of medical insurance underwriting for accountable health care organizations (Int'l Class: 44) Health care provided by accountable care organizations; integrated medical services, namely, operating a health maintenance organization which addresses health and medical care for its members through a network of selected health care providers; behavioral health services; dental care in the nature of dentistry; home health care services; medical and pharmaceutical consultation; medical services; nursing</p> | <p>Health New England, Inc. (Massachusetts Corporation) ONE MONARCH PLACE, SUITE 1500, Springfield, Massachusetts 01144 United States of America</p> |

| Trademark / Reg. No. / App. No. | Status / Key Dates | Goods / Services | Owner Information |
|---|--|--|--|
| | | services; physician services; health and wellness support services, namely, providing healthcare information services to address social determinants of health; hospital services; and long term health care services and medical support services | |
| BEHEALTHY RN: 6640786 SN: 90263692 | Registered, February 8, 2022 Int'l Class: 44 First Use: July 1, 2010 Filed: October 19, 2020 Registered: February 8, 2022 Register Type: Principal Register | Int'l Class: 44 (Int'l Class: 44) Health care provided by accountable care organizations; integrated medical services, namely, operating a health maintenance organization which addresses health and medical care for its members through a network of selected health care providers; behavioral health services; dental care in the nature of dentistry services; home health care services; medical and pharmaceutical consultation; medical services; nursing services; physician services; health and wellness support services, namely, providing healthcare information to address social determinants of health; hospital services; and long term health care services and medical support services | Health New England, Inc. (Massachusetts Corporation) One Monarch Place, Ste 1500, Springfield, Massachusetts 01144 United States of America |
| BEHEALTHY RN: 6640784 SN: 90263538 | Registered, February 8, 2022 Int'l Class: 36 First Use: July 1, 2010 Filed: October 19, 2020 Registered: February 8, 2022 Register Type: Principal Register | Int'l Class: 36 (Int'l Class: 36) Medical insurance, namely, underwriting, administration, and management of medical insurance for accountable health care organizations | Health New England, Inc. (Massachusetts Corporation) One Monarch Place, Ste 1500, Springfield, Massachusetts 01144 United States of America |
| BEHEALTHY PARTNERSHIP RN: 5869015 SN: 87729975 Disclaimer: "PARTNERSHIP" | Registered, September 24, 2019 Int'l Class: 36,44 First Use: February, 2018 Filed: December 21, 2017 Registered: September 24, 2019 Register Type: Principal Register | Int'l Class: 36, 44 (Int'l Class: 36) Medical insurance, namely, administration, and management in the nature of medical insurance for accountable health care organizations (Int'l Class: 44) Health care provided by accountable care organizations; integrated medical services, namely, operating a health maintenance organization which addresses health and medical care for its members through a network of selected health care providers; behavioral health services; dental care in the nature of dentistry; home health care services; medical and pharmaceutical consultation; medical services; nursing | Health New England, Inc. (Massachusetts Corporation) ONE MONARCH PLACE, SUITE 1500, Springfield, Massachusetts 01144 United States of America |

| Trademark / Reg. No. / App. No. | Status / Key Dates | Goods / Services | Owner Information |
|---|---|--|---|
| | | services; physician services; health and wellness support services, namely, providing healthcare information services to address social determinants of health; hospital services; and long term health care services and medical support services | |
| BEHEALTHY PARTNERSHIP BAYSTATE HEALTH CARE ALLIANCE IN PARTNERSHIP WITH HEALTH NEW ENGLAND RN: 5863700 SN: 87730464 Disclaimer: "PARTNERSHIP" AND "HEALTH CARE ALLIANCE" | Registered, September 17, 2019 Int'l Class: 36,44 First Use: January, 2018 Filed: December 21, 2017 Registered: September 17, 2019 Register Type: Principal Register - Sec. 2(F) | Int'l Class: 36, 44 (Int'l Class: 36) Medical insurance, namely, underwriting, administration, and management in the nature of medical insurance underwriting for accountable health care organizations (Int'l Class: 44) Health care provided by accountable care organizations; integrated medical services, namely, operating a health maintenance organization which addresses health and medical care for its members through a network of selected health care providers; behavioral health services; dental care in the nature of dentistry; home health care services; medical and pharmaceutical consultation; medical services; nursing services; physician services; health and wellness support services, namely, providing healthcare information services to address social determinants of health; hospital services; and long term health care services and medical support services | Health New England, Inc. (Massachusetts Corporation) ONE MONARCH PLACE, SUITE 1500, Springfield, Massachusetts 01144 United States of America |
| BEHEALTHY PARTNERSHIP (Stylized)  RN: 5868993 SN: 87711503 Disclaimer: "PARTNERSHIP" | Registered, September 24, 2019 Int'l Class: 36,44 First Use: February, 2018 Filed: December 7, 2017 Registered: September 24, 2019 Register Type: Principal Register | Int'l Class: 36, 44 (Int'l Class: 36) Medical insurance, namely, administration, and management in the nature of medical insurance for accountable health care organizations (Int'l Class: 44) Health care provided by accountable care organizations; integrated medical services, namely, operating a health maintenance organization which addresses health and medical care for its members through a network of selected health care providers; behavioral health services; dental care in the nature of dentistry; home health care services; medical and pharmaceutical consultation; medical services; nursing services; physician services; health and wellness support services, namely, providing healthcare information | Health New England, Inc. (Massachusetts Corporation) ONE MONARCH PLACE, SUITE 1500, Springfield, Massachusetts 01144 United States of America |

| Trademark / Reg. No. / App. No. | Status / Key Dates | Goods / Services | Owner Information |
|---|---|---|--|
| | | services to address social determinants of health; hospital services; and long term health care services and medical support services | |
| <p>BEHEALTHYP ARTNERSHIP BAYSTATE HEALTH CARE ALLIANCE IN PARTNERSHI P WITH HEALTH NEW ENGLAND (Stylized)</p>  <p>RN: 5863683 SN: 87711582 Disclaimer: "PARTNERSHI P" AND "HEALTH CARE ALLIANCE"</p> | <p>Registered, September 17, 2019 Int'l Class: 36,44 First Use: January, 2018 Filed: December 7, 2017 Registered: September 17, 2019 Register Type: Principal Register - Sec. 2(F)</p> | <p>Int'l Class: 36, 44 (Int'l Class: 36) Medical insurance, namely, underwriting, administration, and management in the nature of medical insurance underwriting for accountable health care organizations (Int'l Class: 44) Health care provided by accountable care organizations; integrated medical services, namely, operating a health maintenance organization which addresses health and medical care for its members through a network of selected health care providers; behavioral health services; dental care in the nature of dentistry; home health care services; medical and pharmaceutical consultation; medical services; nursing services; physician services; health and wellness support services, namely, providing healthcare information services to address social determinants of health; hospital services; and long term health care services and medical support services</p> | <p>Health New England, Inc. (Massachusetts Corporation) ONE MONARCH PLACE, SUITE 1500, Springfield, Massachusetts 01144 United States of America</p> |
| <p>HEALTH NEW ENGLAND RN: 5503458 SN: 86771842</p> | <p>Registered, June 26, 2018 Office Status: Registered Int'l Class: 44 First Use: January 1, 2016 Filed: September 29, 2015 Registered: June 26, 2018 Register Type: Principal Register - Sec. 2(F)</p> | <p>Int'l Class: 44 (Int'l Class: 44) home health care services; hospitals; medical and pharmaceutical consultation; medical services; nursing services; physician services; providing long-term care facilities</p> | <p>Health New England, Inc. (Massachusetts Corporation) ONE MONARCH PLACE, SUITE 1500, Springfield, Massachusetts 011441500 United States of America</p> |
| <p>HEALTH NEW ENGLAND and Design</p>  <p>RN: 5643831 SN: 86824038</p> | <p>Registered, January 1, 2019 Office Status: Registered Int'l Class: 36,44 First Use: January, 2016 Filed: November 18, 2015 Registered: January 1, 2019 Register Type: Principal Register - Sec. 2(F)</p> | <p>Int'l Class: 36, 44 (Int'l Class: 36) Medical insurance, namely, underwriting and administration (Int'l Class: 44) Operating a health maintenance organization which addresses health and medical care for its members through a network of selected health care providers</p> | <p>Health New England, Inc. (Massachusetts Corporation) One Monarch Place, Suite 1500, Springfield, Massachusetts 011441500 United States of America</p> |
| <p>HEALTH NEW ENGLAND </p> | <p>Registered, November 3, 2020 Int'l Class: 44 First Use: January 1, 2016</p> | <p>Int'l Class: 44 (Int'l Class: 44)</p> | <p>Health New England, Inc. (Massachusetts Corporation)</p> |

| Trademark / Reg. No. / App. No. | Status / Key Dates | Goods / Services | Owner Information |
|--|--|--|---|
| BE HEALTHY and Design  RN: 6190040 SN: 86871517 | Filed: January 11, 2016 Registered: November 3, 2020 Register Type: Principal Register - Sec. 2(F) | health care in the nature of health maintenance organizations | One Monarch Place, Ste 1500, Springfield, MA 01144 United States of America |
| HEALTH NEW ENGLAND BE HEALTHY RN: 5661809 SN: 86871652 | Registered, January 22, 2019 Office Status: Registered Int'l Class: 44 First Use: January 1, 2016 Filed: January 11, 2016 Registered: January 22, 2019 Register Type: Principal Register - Sec. 2(F) | Int'l Class: 44 (Int'l Class: 44) health care in the nature of health maintenance organizations | Health New England, Inc. (Massachusetts Corporation) One Monarch Place, Ste 1500, Springfield, Massachusetts 01144 United States of America |
| HEALTH NEW ENGLAND WHERE YOU MATTER. and Design  RN: 5628202 SN: 86824185 | Registered, December 11, 2018 Office Status: Registered Int'l Class: 36,44 First Use: January 1, 2017 Filed: November 18, 2015 Registered: December 11, 2018 Register Type: Principal Register - Sec. 2(F) | Int'l Class: 36, 44 (Int'l Class: 36) Medical insurance, namely, underwriting and administration (Int'l Class: 44) Operating a health maintenance organization which addresses health and medical care for its members through a network of selected health care providers | Health New England, Inc. (Massachusetts Corporation) One Monarch Place, Suite 1500, Springfield, Massachusetts 011441500 United States of America |
| HNE and Design  RN: 3136905 SN: 78498264 | Renewed, February 13, 2017 Office Status: Registered and Renewed Int'l Class: 36,44 First Use: March 1, 2005 Filed: October 12, 2004 Registered: August 29, 2006 Last Renewal: August 29, 2016 Register Type: Principal Register | Int'l Class: 36, 44 (Int'l Class: 36) Insurance administration in the field of medical insurance (Int'l Class: 44) Health care in the nature of a health maintenance organization that addresses health and medical care for its members through medical treatment by select health providers | Health New England, Inc. (Massachusetts Corporation) One Monarch Place, Suite 1500, Springfield, Massachusetts 011441500 United States of America |
| HNE RN: 2814598 SN: 76449511 | Renewed, February 27, 2014 Office Status: Registered and Renewed Int'l Class: 36,44 First Use: January 1, 1987 Filed: September 13, 2002 Registered: February 17, 2004 Last Renewal: February 17, 2014 Register Type: Principal Register | Int'l Class: 36, 44 (Int'l Class: 36) underwriting insurance for pre-paid health care (Int'l Class: 44) health care in the nature of health maintenance organizations | Health New England, Inc. (Massachusetts Corporation) One Monarch Place Suite 1500, Springfield, Massachusetts 011441500 United States of America |
| HNE BE HEALTHY | Renewed, August 31, 2021 Office Status: Registered and | Int'l Class: 36, 44 (Int'l Class: 36) | Health New England, Inc. (Massachusetts |

| Trademark / Reg. No. / App. No. | Status / Key Dates | Goods / Services | Owner Information |
|---|--|---|--|
| RN: 3958299 SN: 77649051 | Renewed Int'l Class: 36,44 First Use: July 1, 2010 Filed: January 14, 2009 Registered: May 10, 2011 Last Renewal: May 10, 2021 Register Type: Principal Register | Underwriting insurance for prepaid health care (Int'l Class: 44) Health care in the nature of health maintenance organizations | Corporation) One Monarch Place, Suite 1500, Springfield, Massachusetts 011441500 United States of America |
| HOW CAN WE HELP? RN: 3252280 SN: 78496337 | Renewed, July 10, 2017 Office Status: Registered and Renewed Int'l Class: 36,44 First Use: March 1, 2005 Filed: October 7, 2004 Registered: June 12, 2007 Last Renewal: June 12, 2017 Register Type: Principal Register | Int'l Class: 36, 44 (Int'l Class: 36) Medical insurance, namely underwriting (Int'l Class: 44) Health maintenance services, namely, operating a health maintenance organization which addresses health and medical care for its members through a network of selected health care providers | Health New England, Inc. (Massachusetts Corporation) One Monarch Place, Suite 1500, Springfield, MA 011441500 United States of America |
| Design Only  RN: 5228908 SN: 86821219 | Registered, November 3, 2023 Office Status: Section 8 & 15-Accepted and Acknowledged Int'l Class: 36,44 First Use: January 1, 2016 Filed: November 16, 2015 Registered: June 20, 2017 Register Type: Principal Register | Int'l Class: 36, 44 (Int'l Class: 36) medical insurance, namely, underwriting and administration (Int'l Class: 44) operating a health maintenance organization which addresses health and medical care for its members through a network of selected health care providers | Health New England, Inc. (Massachusetts Corporation) One Monarch Place, Suite 1500, Springfield, Massachusetts 011441500 United States of America |
| HEALTH NEW ENGLAND RN: 1426061 SN: 73580915 | | Int'l Class: 42 operating a health maintenance organization which arranges health and medical care for its members through a network of selected hospitals and physicians | Health New England, Inc. (Massachusetts Corporation) One Monarch Place, Suite 1500, Springfield, Massachusetts 011441500 United States of America |

Patents:

| Title | Application Number | Application Date | Assignor |
|----------------------|---|-------------------------|-----------------------|
| Care Plan Management | U.S. Patent Application Serial No. 17/547,579 | December 10, 2021 | Baystate Health, Inc. |

Copyrights:

| Title | Reg. No. / Reg. Date (Year –Month- Day) | Type of Work | Claimant |
|--|--|---------------------|--------------------|
| How Ace became an asthma control expert. | TXu001113661 / 2002-08-12 | Text | Health New England |

| | | | |
|---|---------------------------|-----------------|--------------------|
| | | | |
| Grand wizard. | VAu000564325 / 2002-08-12 | Visual Material | Health New England |
| MY HEALTH MATTERS. | TX0007102543 / 2008-04-07 | Serial | Health New England |
| Carrie Courage. | VAu000625475 / 2004-05-03 | Visual Material | Health New England |
| Seymour Gold + Flash. | VAu000625471 / 2004-05-03 | Visual Material | Health New England |
| SAMMIE SPORTZ A Reference Guide for Parents and Children. | TX0007043980 / 2008-04-28 | Text | Health New England |
| Danny Dice diabetes insulin control expert-book. | TXu001276844 / 2005-12-06 | Text | Health New England |
| Dany Dice. | VAu000625474 / 2004-05-03 | Visual Material | Health New England |
| How Ace became an asthma control expert: coloring book. | TXu001073489 / 2002-10-22 | Text | Health New England |
| Seymour's weight loss challenge! | TXu001182548 / 2004-05-03 | Text | Health New England |
| Seymour's weight loss challenge! : workbook. | TXu001207939 / 2004-11-18 | Text | Health New England |
| Hacker. | VAu000564326 / 2002-08-12 | Visual Material | Health New England |
| Rusty Sprout. | VAu000625469 / 2004-05-03 | Visual Material | Health New England |
| Billy Fist. | VAu000625470 / 2004-05-03 | Visual Material | Health New England |
| Virtual asthma class. | PAu003147237 / 2005-12-06 | Motion Picture | Health New England |
| Virtual grocery store tour. | PAu002824260 / 2004-01-13 | Motion Picture | Health New England |
| HNE's care application system : training manual. | TXu001215919 / 2004-12-10 | Text | Health New England |
| Sammie Sportz. | VAu000625472 / 2004-05-03 | Visual Material | Health New England |
| SAMMIE SPORTZ. | TX0007059111 / 2008-03-27 | Text | Health New England |
| Dustbunny. | VAu000564323 / 2002-08-12 | Visual Material | Health New England |
| Sir Coughalot. | VAu000564324 / 2002-08-12 | Visual Material | Health New England |

| | | | |
|---|---------------------------|-----------------|--------------------------|
| Janie Bravo. | VAu000625473 / 2004-05-03 | Visual Material | Health New England |
| Furlis. | VAu000555072 / 2002-08-23 | Visual Material | Health New England |
| Neb U. Lizer. | VAu000564321 / 2002-08-12 | Visual Material | Health New England |
| Ace. | VAu000564322 / 2002-08-12 | Visual Material | Health New England |
| Virtual diabetes class. | PAu003147239 / 2005-12-06 | Motion Picture | Health New England |
| Seymour's weight loss challenge! coloring book. | TXu001152089 / 2004-05-03 | Text | Health New England |
| Seymour's health scorecard. | TXu001215920 / 2004-12-10 | Text | Health New England |
| Healthy Directions: Living Well Eating Smart: A Grocery Store Tour. | PA0001639673 / 2008-10-07 | Motion Picture | Health New England, Inc. |
| ClaimsTrak. | TX0007260817 / 2008-12-31 | Computer File | Health New England, Inc. |
| Max~RaF. | TX0007119112 / 2009-08-10 | Computer File | Health New England, Inc. |
| Care. | TX0007260866 / 2008-12-31 | Computer File | Health New England, Inc. |
| Flash. | VA0001689476 / 2008-07-31 | Visual Material | Health New England, Inc. |
| CareTracker. | TX0007260854 / 2008-12-31 | Computer File | Health New England, Inc. |
| Healthy Steps for Small Business. | TX0006993645 / 2009-03-13 | Text | Health New England, Inc. |

Domain Names:

| DOMAIN | ACTIVE Y/N |
|--|-------------------|
| HNE.COM | Redirect |
| HNEDIRECT.COM | Yes |
| HEALTHNE.COM | No |
| HEALTHNEWENGLAND.COM | Redirect |
| ACEANDFURLIS.COM | No |
| HNESTORE.COM | No |
| HNEBEHEALTHY.COM | No |
| HNEGSLB.COM | No |

| | |
|--|----------|
| HNEREMOTE.COM | No |
| HNETALK.COM | Yes |
| HNEWKIDZ.COM | No |
| WHEREYOUATTER.COM | Redirect |
| HEALTHNE.NET | No |
| HEALTHNEWENGLAND.NET | No |
| HNEBEHEALTHY.NET | No |
| HEALTHNE.ORG | No |
| HEALTHNEWENGLAND.ORG | Yes |
| HNEBEHEALTHY.ORG | No |
| HNE.ORG | Redirect |
| BEHEALTHYPARTNERSHIP.ORG | Yes |
| WHEREYOUATTER.ORG | Redirect |
| HNE.BIZ | No |
| HEALTHNEWENGLAND.BIZ | No |
| HEALTHNEWENGLAND.INFO | No |
| HEALTHNE.INFO | No |
| HEALTHNEWENGLAND.US | No |

Social Media Accounts:

<https://www.facebook.com/HealthNewEngland>

https://www.instagram.com/health_new_england/

<https://twitter.com/hneinc>

<https://www.youtube.com/user/HealthNewEngland>

<https://www.linkedin.com/company/health-new-england>

Schedule 5.9(a)(ii)

Intellectual Property

(A) None.

(B) HNE Software

| App Name | Description | Home Grown |
|----------------------------------|--|-------------------|
| Member, broker employer Portals | Member, Group and Broker Access for digital access and service | Y |
| HNE Public Sites | Public content site | Y |
| HNE Direct | Provider Portal | Y |
| Enrollment Hub | Membership enrollment Processes | Y |
| CARE | Member - Provider Servicing solution internal to call center | Y |
| 270/271 & 276/277 Real Time APIs | Eligibility and claim status APIs | Y |
| MSFT Access Applications | Small applications built to support business processes. | Y |
| Small C# Apps | Limited scope custom solutions to support business processes workflow workflows. | Y |
| Amisys | DST claims platform: Some HNE custom code in specific areas to support business needs. | N |

(C) None.

Schedule 5.9(a)(iii)

Intellectual Property

None.

Schedule 5.9(b)

Intellectual Property

None.

Schedule 5.9(c)

Intellectual Property

None.

Schedule 5.9(d)

Intellectual Property

None.

Schedule 5.9(f)

Intellectual Property

None.

Schedule 5.9(i)

Intellectual Property

None.

Schedule 5.11

Material Contracts

(a)

Expenditures

1. Ancillary Health Services Agreement, dated January 1, 2021, by and between Health New England, Inc. and OptumRx, Inc, as amended by that First Amendment, dated January 1, 2022.
2. Prescription Drug Benefit Administration Agreement, dated January 1, 2020, by and between Health New England and OptumRx, Inc, as amended by that Amendment 2, dated March 25, 2021, and as further amended by that Amendment V, dated January 1, 2023, and as further amended by Amendment VI, dated January 1, 2023.
3. Prescription Drug Benefit Administration Agreement, dated July 1, 2019, by and between Health New England and OptumRx, Inc, as amended by that Amendment II, dated July 1, 2022, as further amended by that Amendment III, dated January 1, 2023.
4. Contract, dated August 24, 2018, by and between Massachusetts Behavioral Health Partnership and Health New England, Inc., as amended by First Amendment, dated December 18, 2018, as further amended by that Second Amendment to HNE/MBHP Agreement, dated December 4, 2019, as further amended by that Third Amendment to HNE/MBHP Agreement, dated January 6, 2020, as further amended by that Third Amendment to HNE/MBHP Agreement, dated January 21, 2021, as further amended by that Fifth Amendment to HNE/MBHP Agreement, dated March 2, 2022, and as further amended by that Sixth Amendment to HNE/MBHP Agreement, dated January 13, 2023.
5. Multi-Specialty/Primary Care Services Agreement, dated January 1, 2004, by and between Health New England, Inc. and Valley Medical Group, as amended by that Medicare Amendment to Multi-Specialty/Primary Care Services Agreement, dated December 17, 2008, by and between Health New England, Inc. and Valley Medical Group, as further amended by that Amendment #1 to the Medicare Amendment, dated January 1, 2020, as further amended by that Amendment, dated January 1, 2021, and as further amended by that Amendment #6, dated March 30, 2021.
6. Master Services Agreement, dated December 10, 2018, by and between Mphasis Corporation and Health New England Inc, as amended by that Change Order No. 1, dated March 5, 2019 and active Statements of Work, in the aggregate.
7. MedInsight ASP License and Services Agreement, dated August 1, 2011, by and between Milliman, Inc. and Health New England, as amended by that Amendment dated November 1, 2011, as further amended by Amendment No. 3, dated November 1, 2016, as further amended by Amendment No. 4, dated October 20, 2017, as further amended by Amendment No. 6, dated April 20, 2022, as further amended by Amendment No. 6, dated September 1, 2022, and as further amended by Amendment No. 7, dated February 16, 2023.
8. MedInsight Project Work Order Form, dated September 21, 2011, by and between Milliman, Inc. and Health New England.
9. Client Services Agreement, dated September 1, 2023, by and between MultiPlan, Inc. and Health New England, Inc.

10. Service Order MHS16254, dated February 11, 2020, by and between Change Healthcare Technologies, LLC and Health New England, Inc.
11. Coding and Chart Retrieval Services Statement of Work, dated March 30, 2022, by and between Change Healthcare Resources, LLC and Health New England, Inc., as amended by Amendment dated April 25, 2023.
12. Service Order MHS15195, dated November 5, 2018, by and between Change Healthcare Technologies, LLC and Health New England, Inc.
13. Service Order MHS17621, dated June 2, 2021, by and between Change Healthcare Technologies, LLC and Health New England, Inc.
14. Commercial Market Services Statement of Work, dated February 25, 2022, by and between Change Healthcare Resources, LLC and Health New England, Inc.
15. Commercial Risk Adjustment Statement of Work, March 30, 2022, by and between Change Healthcare Resources, LLC and Health New England, Inc.
16. Amendment to Order Form No. 31202, dated November 14, 2019, by and between Change Healthcare Technologies, LLC and Health New England, Inc., as further amended by Amendment to Order Form No. 31202, dated August 18, 2020, and as further amended by Amendment to Order Form No. 31202, dated January 26, 2022.
17. Amendment to Order Form, dated March 20, 2019, by and between Change Healthcare Technologies, LLC and Health New England, Inc.
18. Amendment to Order Form No. 37586, dated September 8, 2022, by and between Change Healthcare Technologies, LLC and Health New England, Inc.
19. Contract Term Modification, dated August 21, 2019, by and between Change Healthcare Technologies, LLC and Health New England, Inc, as further amended by that Contract Term Modification, dated June 28, 2022.
20. Change Healthcare Add-On Order Terms and Conditions, dated September 26, 2019, by and between Change Healthcare Technologies, LLC and Health New England, Inc.
21. Master Services Agreement, dated January 12, 2021, by and between Health New England, Inc. and Specialist Resources Global, Inc. d/b/a emids Technologies and active Statements of Work, in the aggregate.
22. Services Agreement, dated March 10, 2023, by and between Innovative Care Partners and Health New England, Inc.
23. Managed Care Organization – Community Partner Letter of Agreement, dated June 17, 2022, by and between Health New England, Inc and Innovative Care Partners, LLC.
24. Subscription Agreement, dated March 1, 2021, by and between Health New England, Inc. and MedHOK, Inc.

25. Statement of Work in Support of Health New England, dated March 1, 2021, by and between Health New England, Inc. and MedHOK, Inc.
26. Agreement to Perform Consulting Services, dated May 5, 2020, by and between Amenity Consulting, LLC and Health New England, Inc.
27. Master Services Agreement, dated January 23, 2019, by and between Hexplora, LLC and Health New England, Inc. and active Statements of Work, in the aggregate.
28. Management Services Agreement for Medical Pharmacy Management, dated October 30, 2015, by and between MagellanRX Management, Inc. and Health New England.
29. Truxima Product Addendum, dated May 1, 2021, by and between MagellanRX Management, LLC and Health New England, Inc.
30. Ziextenzo Product Addendum, dated January 1, 2022, by and between MagellanRX Management, LLC and Health New England, Inc.
31. Fulphila Product Addendum, dated January 1, 2022, by and between MagellanRX Management, LLC and Health New England, Inc.
32. Managed Care Organization – Community Partner Letter of Agreement, dated June 15, 2022, by and between Health New England, Inc. and Behavioral Health Network.
33. Statement of Work, dated June 1, 2023, by and between CDW Direct, LLC and Health New England, Inc, as amended by Change Order, dated November 30, 2023, by and between CDW Direct, LLC and Health New England, Inc.
34. Statement of Work, dated March 15, 2022, by and between CDW Direct, LLC and Health New England, Inc.
35. Statement of Work, dated January 27, 2023, by and between CDW Direct, LLC and Health New England, Inc.
36. Statement of Work, dated September 10, 2021, by and between CDW Direct, LLC and Health New England, Inc.
37. Change Order, dated March 9, 2021, by and between CDW Direct, LLC and Health New England, Inc.
38. Change Order, dated February 10, 2023, by and between CDW Direct, LLC and Health New England, Inc.
39. Statement of Work, dated February 2, 2016, by and between CDW Government LLC and Health New England, Inc.
40. Statement of Work, dated March 27, 2018, by and between CDW Direct, LLC and Health New England, Inc.
41. Health Care Services Agreement, dated February 6, 2018, by and between Health New England, Inc. and Valley Health Partners, Inc., as amended by that MassHealth Amendment to the Provider Agreement, dated March 1, 2018, as further amended by that Amendment, dated December 13,

2018, as further amended by that 2020 Extension Amendment, dated January 1, 2020, as further amended by that 2020 Amendment #2 dated May 1, 2020, as further amended by that Amendment, dated April 1, 2021, as further amended by that 2022 Commercial Chronic Coding Amendment, dated July 1, 2022, as further amended by that 2023 Commercial Chronic Coding Amendment, dated January 1, 2023.

42. License, Consulting Services, and Maintenance and Support Agreement, dated December 22, 2011, by and between DST Health Solutions, LLC and Health New England, Inc. as amended.
43. AWD Data Center Hosting Service Agreement, dated December 22, 2011, by and between DST Health Solutions, LLC and Health New England, Inc., as amended by that Amendment No. 1, dated May 15, 2012, as further amended by that Work Request No. 1, dated January 31, 2012.
44. Agreement for the License/Sublicense of Computer Software Products and Purchase of Computer Equipment, dated March 15, 1996, by and between DST Health Solutions, LLC f/k/a Amisys Managed Care Systems Inc. and Health New England, Inc., as amended, and active Work Orders and Statements of Work, in the aggregate.
45. Network Connectivity Proposal, dated May 4, 2012, by and between DST Systems Inc. and Health New England, Inc.
46. Master Services Agreement, dated February 14, 2022, by and between Health New England, Inc. and Axiom Technology Group, Inc. and active Statements of Work, in the aggregate.
47. Master Services Agreement, dated September 23, 2020, by and between Health New England, Inc. and HealthMap Solutions, Inc., as amended by that Letter Amendment, dated December 14, 2020, as further amended by that Amendment No. 2, dated June 1, 2022, as further amended by that Amendment No. 3, dated August 1, 2022, and as further amended by that Amendment No. 4, dated February 1, 2022.
48. Agreement, dated November 14, 2016, by and between MRG Search & Placement, Inc. and Health New England, Inc. as amended by that Addendum, dated December, 2017 and active Temporary Services Work Orders, in the aggregate.
49. Master License and Services Agreement, dated June 3, 2019, by and between Edifecs, Inc. and Health New England, Inc., as amended by that Amendment No. 2, dated December 16, 2020 and active Statements of Work and Change Orders, in the aggregate.
50. Budgeted Health Service Fund Agreement, dated November 1, 2003, by and between Health New England, Inc. and BayCare Health Partners PHO, as amended.
51. Master Services Agreement, dated January 3, 2022, by and between Health New England, Inc. and Entrigna, Inc., active Statements of Work, in the aggregate.
52. Mutual Nondisclosure Agreement, dated November 10, 2020, by and between Health New England, Inc. and HealthEdge Software, Inc.
53. Master Services Agreement, dated March 1, 2020, by and between Health New England, Inc. and Zelis Claims Integrity, LLC, as amended by that First Amendment, dated August 1, 2023.

54. Letter of Agreement, dated May 1, 2020, by and between Health New England, Inc. and Southern New England Healthcare Organization, Inc, as amended by that Amendment #1, dated January 1, 2021.
55. The Monarch Place Lease.
56. Standard Contract Form, dated July 1, 2018, by and between HNE Advisory Services, Inc. and Group Insurance Commission, as amended by that Standard Contract Form Amendment, dated June 2, 2022, and as further amended by that Contract Amendment, dated July 1, 2022.
57. Standard Contract Form, dated [●], by and between HNE Advisory Services, Inc. and Group Insurance Commission.
58. Contract for Administrative Services, dated July 1, 2023, by and between Commonwealth of Massachusetts Group Insurance Commission and HNE Advisory Services, Inc.
59. Contract H2737, dated [●], by and between Centers for Medicare & Medicaid Services and Health New England, Inc.
60. Medicare Mark License Agreement for Contract H2737, dated October 15, 2022, by and between Centers for Medicare & Medicaid Services and Health New England, Inc.
61. Contract H8578, dated August 23, 2023, by and between Centers for Medicare & Medicaid Services and Health New England, Inc.
62. Medicare Mark License Agreement for Contract H8578, dated August 23, 2023, by and between Centers for Medicare & Medicaid Services and Health New England, Inc.
63. Health New England-Revitalize CDC Agreement, dated January 1, 2020, by and between Health New England and Revitalize Community Development Corporation, as amended by that Amendment, dated October 14, 2020, and as further amended by that Second Amendment, dated July 1, 2021.

Receipts

The Company has contractual arrangements with the following employer groups whose premiums exceed [REDACTED] per year:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

(b)

None.

(c)

None.

(d)

(i)

1. Be Healthy Partnership Agreement, dated September 8, 2017, by and between Health New England, Inc. and Baystate Health Care Alliance, LLC.

(ii)

None.

(e)

1. Contract, dated August 24, 2018, by and between Massachusetts Behavioral Health Partnership and Health New England, Inc., as amended by First Amendment, dated December 18, 2018, as further amended by that Second Amendment to HNE/MBHP Agreement, dated December 4, 2019, as further amended by that Third Amendment to HNE/MBHP Agreement, dated January 6, 2020, as further amended by that Third Amendment to HNE/MBHP Agreement, dated January 21, 2021, as further amended by that Fifth Amendment to HNE/MBHP Agreement, dated March 2, 2022, and as further amended by that Sixth Amendment to HNE/MBHP Agreement, dated January 13, 2023.

2. License Agreement, dated March 28, 2013, by and between Health New England, Inc. and WebMD Health Services Group, Inc., as amended by that Amendment Number One, dated November 10, 2014, as further amended by that Amendment Number 2, dated April 1, 2016, as further amended by that Amendment Number Six to License Agreement, dated February 7, 2023.
3. Letter of Intent, dated September 26, 2022, by and between Health New England, Inc. and WebMD Health Services Group, Inc.
4. Statement of Work, dated November 19, 2019, by and between Mphasis Corporation and Health New England Inc.
5. Master Services Agreement, dated December 10, 2018, by and between Mphasis Corporation and Health New England Inc, as amended by that Change Order No. 1, dated March 5, 2019.
6. Statement of Work, dated March 8, 2019, by and between Mphasis Corporation and Health New England Inc.
7. Statement of Work, dated April 28, 2020, by and between Mphasis Corporation and Health New England Inc.
8. Statement of Work, dated December 11, 2019, by and between Mphasis Limited and Health New England Inc.
9. Statement of Work, dated December 19, 2022, by and between Mphasis Limited and Health New England Inc.
10. Statement of Work, dated February 14, 2022, by and between Mphasis Limited and Health New England Inc.
11. Statement of Work, dated December 19, 2022, by and between Mphasis Limited and Health New England Inc.
12. Statement of Work, dated December 14, 2021, by and between Mphasis Limited and Health New England Inc.
13. Statement of Work, dated June 1, 2021, by and between Mphasis Limited and Health New England Inc.
14. Statement of Work, dated December 19, 2022, by and between Mphasis Limited and Health New England Inc.
15. Statement of Work, dated June 16, 2020, by and between Mphasis Limited and Health New England Inc.
16. Statement of Work, dated December 19, 2022, by and between Mphasis Limited and Health New England Inc.
17. Statement of Work, dated June 29, 2020, by and between Mphasis Limited and Health New England Inc.
18. Statement of Work, dated April 15, 2020, by and between Mphasis Limited and Health New England Inc.

19. Statement of Work, dated December 19, 2022, by and between Mphasis Limited and Health New England Inc.
20. Statement of Work, dated December 11, 2019, by and between Mphasis Limited and Health New England Inc.
21. Statement of Work, dated August 1, 2023, by and between Mphasis Limited and Health New England Inc.
22. Statement of Work, dated August 1, 2020, by and between Mphasis Limited and Health New England Inc.
23. Statement of Work, dated April 15, 2020, by and between Mphasis Limited and Health New England Inc.
24. Statement of Work, dated April 15, 2020, by and between Mphasis Limited and Health New England Inc.
25. Statement of Work, dated May 14, 2021, by and between Mphasis Limited and Health New England Inc.
26. Statement of Work, dated July 1, 2020, by and between Mphasis Limited and Health New England Inc.
27. Statement of Work, dated September 21, 2020, by and between Mphasis Limited and Health New England Inc.
28. Statement of Work, dated November 1, 2022, by and between Mphasis Limited and Health New England Inc.
29. Statement of Work, dated December 10, 2018, by and between Mphasis Corporation and Health New England Inc.
30. Statement of Work, dated October 4, 2020, by and between Mphasis Limited and Health New England Inc.
31. Statement of Work, dated April 20, 2021, by and between Mphasis Limited and Health New England Inc.
32. Statement of Work, dated July 1, 2022, by and between Mphasis Limited and Health New England Inc.
33. Statement of Work, dated October 1, 2022, by and between Mphasis Limited and Health New England Inc.
34. Statement of Work, dated October 24, 2022, by and between Mphasis Limited and Health New England Inc.
35. Statement of Work, dated October 6, 2021, by and between Mphasis Limited and Health New England Inc.

36. Statement of Work, dated July 1, 2021, by and between Mphasis Limited and Health New England, Inc.
37. Subscription Agreement, dated March 1, 2021, by and between Health New England, Inc. and MedHOK, Inc.
38. Statement of Work in Support of Health New England, dated March 1, 2021, by and between Health New England, Inc. and MedHOK, Inc.
39. Management Services Agreement for Medical Pharmacy Management, dated October 30, 2015, by and between MagellanRX Management, Inc. and Health New England.
40. Truxima Product Addendum, dated May 1, 2021, by and between MagellanRX Management, LLC and Health New England, Inc.
41. Ziextenzo Product Addendum, dated January 1, 2022, by and between MagellanRX Management, LLC and Health New England, Inc.
42. Fulphila Product Addendum, dated January 1, 2022, by and between MagellanRX Management, LLC and Health New England, Inc.
43. Ancillary Health Services Agreement, dated January 1, 2021, by and between Health New England, Inc. and OptumRx, Inc, as amended by that First Amendment, dated January 1, 2022.
44. Prescription Drug Benefit Administration Agreement, dated January 1, 2020, by and between Health New England and OptumRx, Inc, as amended by that Amendment 2, dated March 25, 2021, and as further amended by that Amendment V, dated January 1, 2023, and as further amended by Amendment VI, dated January 1, 2023.
45. Prescription Drug Benefit Administration Agreement, dated July 1, 2019, by and between Health New England and OptumRx, Inc, as amended by that Amendment II, dated July 1, 2022, as further amended by that Amendment III, dated January 1, 2023.
46. Client Services Agreement, dated September 1, 2023, by and between MultiPlan, Inc. and Health New England, Inc.
47. Master Service Agreement, dated June 1, 2022, by and between Health New England, Inc. and Infomedia Group, Inc. d/b/a Carenet Health Services.
48. Master Services Agreement, dated January 1, 2021, by and between Health New England, Inc. and Broadridge Output Solutions, Inc.
49. Service Agreement, dated August 24, 2017, by and between Health New England and Strategic Content Imaging, LLC.
50. Agreement to Perform Consulting Services, dated May 5, 2020, by and between Amenity Consulting, LLC and Health New England, Inc.
51. MCMC Service Agreement, dated December 30, 2010, as amended, by and between Health New England, Inc. and MCMC, LLC.

52. Services Agreement, dated March 22, 2019, by and between Health New England, Inc. and Medical Review Institute of America, LLC.
53. Master Software and Services Agreement, dated May 7, 2020, by and between Health New England, Inc. and 3M Health Systems, Inc.
54. Software License Agreement, dated May 20, 2010, by and between 3M Company and Health New England, Inc.
55. Processing Services Agreement, dated January 1, 2023, by and between Health New England, Inc. and DocuStream, Inc.
56. Medicare Amendment, dated March 27, 2008, by and between Health New England, Inc. and DocuStream, Inc.
57. Durable Medical Equipment Benefit Management Agreement, dated February 1, 2018, by and between Health New England, Inc. and DocuStream, Inc., as further amended by that First Amendment, dated January 1, 2021, as further amended by that Second Amendment, dated January 1, 2022, and as further amended by that Third Amendment, dated October 1, 2023.
58. Agreement, dated March 28, 2018, by and between Health New England, Inc. and Health Management Systems, Inc.
59. Agreement, dated June 9, 2016, by and between Health New England, Inc. and Health Management Systems, Inc.
60. MCMC Service Agreement, dated December 30, 2010, by and between, Health New England, Inc. and MCMC, LLC, as amended by that Amendment One, dated January 1, 2019.
61. Service Order MHS16254, dated February 11, 2020, by and between Change Healthcare Technologies, LLC and Health New England, Inc.
62. Coding and Chart Retrieval Services Statement of Work, dated March 30, 2022, by and between Change Healthcare Resources, LLC and Health New England, Inc., as amended by Amendment dated April 25, 2023.
63. Service Order MHS15195, dated November 5, 2018, by and between Change Healthcare Technologies, LLC and Health New England, Inc.
64. Service Order MHS17621, dated June 2, 2021, by and between Change Healthcare Technologies, LLC and Health New England, Inc.
65. Commercial Market Services Statement of Work, dated February 25, 2022, by and between Change Healthcare Resources, LLC and Health New England, Inc.
66. Commercial Risk Adjustment Statement of Work, March 30, 2022, by and between Change Healthcare Resources, LLC and Health New England, Inc.
67. Amendment to Order Form No. 31202, dated November 14, 2019, by and between Change Healthcare Technologies, LLC and Health New England, Inc., as further amended by Amendment

to Order Form No. 31202, dated August 18, 2020, and as further amended by Amendment to Order Form No. 31202, dated January 26, 2022.

68. Amendment to Order Form, dated March 20, 2019, by and between Change Healthcare Technologies, LLC and Health New England, Inc.
69. Amendment to Order Form No. 37586, dated September 8, 2022, by and between Change Healthcare Technologies, LLC and Health New England, Inc.
70. Contract Term Modification, dated August 21, 2019, by and between Change Healthcare Technologies, LLC and Health New England, Inc, as further amended by that Contract Term Modification, dated June 28, 2022.
71. Change Healthcare Add-On Order Terms and Conditions, dated September 26, 2019, by and between Change Healthcare Technologies, LLC and Health New England, Inc.
72. Cooperative Promotional and Marketing Agreement, dated September 28, 2018, by and between Health New England and First Circle, Inc.
73. Engagement Agreement and Standard Terms and Conditions, dated December 1, 2009, by and between Health New England and ComCom Systems Inc.
74. Medicare Field Marketing Organization Agreement, dated October 1, 2020, by and between Health New England, Inc. and Garity Associates Brokerage Insurance Agency.
75. Joinder to Agreement, dated August 1, 2018, by and between HealthCare Administrative Solutions, Inc. and Health New England, Inc.
76. Healthcare Services Agreement, dated September 23, 2009, by and between Health New England and HealthEquity, Inc, as amended by that Amendment, dated November 4, 2009, as amended by that First Amendment, dated March 22, 2011, as amended by that Third Amendment, dated June 1, 2014, and as further amended by that Forth Amendment, dated November 24, 2015.
77. Consulting Agreement, dated November 29, 2015, by and between Health New England and [REDACTED]
78. Agreement, dated January 1, 2015, by and between Health New England and Community Care Health Network, Inc. d/b/a Matrix Medical Network, as amended by that Addendum, dated June 8, 2020, and as further amended by that Third Amendment, dated April 11, 2022.
79. Consulting Agreement, signed May 27, 2020, by and between Health New England and [REDACTED]
80. Services Agreement, dated November 1, 2017, by and between Health New England and [REDACTED]
81. Health Plans Services Agreement, dated October 14, 2016, by and between TruHearing, Inc. and Health New England, Inc., as amended by Amendment No. 1, dated January 1, 2019.

(f)

None.

(g)

None.

(h)

1. The Surplus Note.

(i)

None.

(j)

1. Consulting Agreement, dated August 19, 2021, as amended, by and between Health New England, Inc. and Advancing Health Care, LLC.
2. Master Services Agreement, dated January 3, 2022, by and between Health New England, Inc. and Entrigna, Inc, and
 - a. Exhibit A - Statement of Work 006, dated October 24, 2022, and Exhibit A - Statement of Work 008, dated April 17, 2023, providing for the services of [REDACTED]
 - b. Exhibit A - Statement of Work 001, dated January 3, 2022, providing for the services of [REDACTED]
3. Consulting Agreement, dated January 3, 2022, by and between Health New England, Inc. and Basin, LLC.
4. Master Services Agreement, dated February 14, 2022, by and between Health New England, Inc. and Axiom Technology Group, Inc.
 - a. Exhibit A - Statement of Work 002, dated October 17, 2022, and Exhibit A - Statement of Work 004, dated February 17, 2023, and Exhibit A - Statement of Work 007, dated February 17, 2023, and Exhibit A - Statement of Work 008, dated February 17, 2023, providing for the services of Ranga Vadapalli.

(k)

1. Administrative Services Agreement, dated June 6, 2005, by and between Health New England, Inc. and HNE Advisory Services, Inc.
2. Administrative Services Agreement, dated June 6, 2005, by and between Health New England, Inc. and HNE Advisory Services, Inc, with Allocation Addendum to Intercompany Agreement dated January 1, 2014, by and among Health New England, Inc., HNE Advisory Services, Inc., HNE Insurance Company, HNE Insurance Services, Inc., HNE of Connecticut, Inc., and HNE Holding Corporation.

3. Intercompany Services Agreement, dated January 1, 2014, by and between Health New England, Inc. and HNE of Connecticut, Inc.
4. Intercompany Services Agreement, dated February 21, 2012, by and between Health New England, Inc. and HNE Insurance Company.
5. Intercompany Services Agreement, dated January 1, 2012, by and between Health New England, Inc. and HNE Insurance Services Corporation.
6. Be Healthy Partnership Agreement, dated September 8, 2017, by and between Health New England, Inc. and Baystate Health Care Alliance, LLC.
7. MassHealth Primary Care Provider Agreement for the Provisions of Services to BeHealthy Partnership Plan Members, dated April 1, 2023, by and between Health New England, Inc. and Baystate Health Care Alliance, LLC, as amended by that Amendment #1, dated April 1, 2023.
8. MassHealth Primary Care Provider Agreement for the Provisions of Services to BeHealthy Partnership Plan Members, dated March 1, 2018, by and between Health New England, Inc. and Baystate Health Care Alliance, LLC, as amended by that Amendment #1, dated March 1, 2019.
9. Letter of Agreement, dated July 5, 2022, by and between Health New England, Inc. and Baystate Medical Center, Inc.
10. Administrative Services Agreement, dated October 1, 2011, by and between Health New England, Inc. and Baystate Administrative Services, Inc.
11. Administrative Services Agreement, dated June 1, 2018, by and between Health New England, Inc. and Baystate Administrative Services, Inc.

(l)

1. Enterprise Enrollment (Direct), dated October 24, 2014, by and between Health New England, Inc. and Microsoft Corporation.
2. Volume Licensing - Server and Cloud Enrollment (Direct), dated November 3, 2017, by and between Health New England, Inc. and Microsoft Corporation.
3. Teladoc Services Agreement, dated March 26, 2015, as amended, by and between Health New England, Inc. and Teladoc, Inc.
4. Master Services Agreement, dated March 1, 2020, as amended by and between Health New England, Inc. and Zelis Claims Integrity, LLC.
5. Network Access Agreement, dated December 12, 2022, by and between Health New England, Inc. and United Healthcare Services, Inc.

(m)

1. Health New England Master Services Agreement, dated February 14, 2022, by and between Health New England, Inc. and Axiom Technology Group, Inc.

2. Client Service Agreement For Assigned Employees, Independent Contractors & Third Party Contractors, dated March 29, 2022, by and between Health New England, Inc. and EDI Specialists, Inc. d/b/a EDI Staffing.
3. Master Services Agreement, dated January 12, 2021, by and between Health New England, Inc. and Specialist Resources Global, Inc. d/b/a Emids Technologies.
4. Master Services Agreement, dated January 3, 2022, by and between Health New England, Inc. and Entrigna, Inc.
5. Master Services Agreement, dated December 10, 2018, by and between Health New England, Inc. and Mphasis Corporation.
6. Agreement, dated November 14, 2016, by and between Health New England, Inc, and MRG Search & Placement, Inc.
7. Master Services Agreement dated October 31, 2022, by and between Health New England, Inc, and Trexin Consulting, LLC.
8. Software License Agreement, dated January 1, 2021, by and between Health New England, Inc, and Acero Health Technologies, Inc.
9. Master Services Agreement, dated January 1, 2021, by and between Health New England, Inc. and Broadridge Output Solutions, Inc.
10. Master Software License Agreement, dated December 18, 2017, by and between Health New England, Inc. and Information Builders, Inc.
11. Master License Services Agreement, as amended, dated June 3, 2019, by and between Health New England, Inc, and Edifecs, Inc.
12. Subscription Agreement, dated March 1, 2021, by and between Health New England, Inc, and MedHOK, Inc.
13. AWD Data Center Hosting Service Agreement, dated December 22, 2011, by and between Health New England, Inc. and DST Health Solutions, LLC.
14. Agreement for the License/Sublicense of Computer Software Products and the Purchase of Computer Equipment, dated March 15, 1996, by and between Health New England, Inc., and Amisys Managed Care Systems, Inc.
15. Talend, Inc. Master Software License and Services Agreement, dated June 7, 2012, by and between Health New England, Inc, and Talend, Inc.
16. Vmware Professional Services Statement of Work, dated August 24, 2021, by and between Health New England, Inc, and Vmware, Inc.
17. Vmware Professional Services Statement of Work, dated February 4, 2021, by and between Health New England, Inc. and Vmware, Inc.

18. McKesson Health Solutions Master Agreement, dated February 2, 2009, by and between Health New England, Inc. and McKesson Health Solutions, LLC.
19. Master Services Agreement, dated February 20, 2018, by and between Health New England, Inc. and Cognisight, LLC.
20. Agreement to Perform Consulting Services, dated May 5, 2020, by and between Health New England, Inc. and Amenity Consulting, LLC.
21. Master Services Agreement, dated July 26, 2021, by and between Health New England, Inc, and BroadPath, LLC
22. Master Services Agreement, dated November 19, 2021, by and between Health New England, Inc. and Meduvi LLC.
23. Agreement dated March 28, 2018, by and between Health New England, Inc, and Health Management Systems, Inc.
24. Master Subscription Agreement, dated August 9, 2021, by and between Health New England, Inc. and HealthSparq, Inc.
25. Teladoc Services Agreement, dated March 26, 2015, as amended, by and between Health New England, Inc. and Teladoc, Inc.
26. Master Services Agreement, dated March 1, 2020, as amended, by and between Health New England, Inc. and Zelis Claims Integrity, LLC, as amended by that First Amendment, dated August 1, 2023. Vital Decisions, LLC Services Agreement, dated July 30, 2021, by and between Health New England, Inc. and Vital Decisions, LLC
27. Services Agreement, dated March 22, 2019, by and between Health New England, Inc. and Medical Review Institute of America, LLC
28. Master Subscription Agreement & Services Agreement, dated December 27, 2018, by and between Health New England, Inc. and Symphony Performance Health, Inc.
29. Master Services Agreement, dated June 1, 2022, by and between Health New England, Inc. and Infomedia Group, Inc. d/b/a Carenet Healthcare Services.
30. Audit Agreement, dated September 21, 2017, by and between Health New England, Inc. and DTS Group.
31. Audit Agreement, dated October 6, 2020, by and between Health New England, Inc. and DTS Group.
32. Audit Agreement, dated November 10, 2021, by and between Health New England, Inc. and DTS Group.
33. MCMC Service Agreement, dated December 30, 2010, as amended, by and between Health New England, Inc. and MCMC, LLC.

(n)

1. Standard Contract Form, dated July 1, 2018, by and between HNE Advisory Services, Inc. and Group Insurance Commission, as amended by that Standard Contract Form Amendment, dated June 2, 2022, and as further amended by that Contract Amendment, dated July 1, 2022.
2. Standard Contract Form, dated [●], by and between HNE Advisory Services, Inc. and Group Insurance Commission.
3. Contract for Administrative Services, dated July 1, 2023, by and between Commonwealth of Massachusetts Group Insurance Commission and HNE Advisory Services, Inc.
4. Contract H2737, dated [●], by and between Centers for Medicare & Medicaid Services and Health New England, Inc.
5. Medicare Mark License Agreement for Contract H2737, dated October 15, 2022, by and between Centers for Medicare & Medicaid Services and Health New England, Inc.
6. Contract H8578, dated August 23, 2023, by and between Centers for Medicare & Medicaid Services and Health New England, Inc.
7. Medicare Mark License Agreement for Contract H8578, dated August 23, 2023, by and between Centers for Medicare & Medicaid Services and Health New England, Inc.
8. 2023-2025 Letter of Agreement, dated November 18, 2022, by and between Health New England, Inc. and UMass Memorial Health Care.
9. Health Care Services Agreement, dated April 10, 2007, by and between UMass Memorial Health Care, as amended by that Medicare Amendment, dated March 1, 2009, as further amended by that Amendment, dated January 1, 2016, as further amended by that Amendment, dated January 1, 2019, as further amended by that Amendment, dated January 1, 2019, and as further amended by that Amendment, dated January 1, 2022.
10. Accountable Care Partnership Plan Contract for the MassHealth Accountable Care Organization Program, by and between Health New England, Inc. and Massachusetts Executive Office of Health and Human Services.
11. Administrative Services Agreement, dated November 19, 2008, by and between HNE Advisory Services, Inc. and City of Westfield.
12. Employer Group Agreement for Administrative Services, dated July 20, 2022, by and between Health New England and Scantic Valley Regional Health Trust.

(o)

1. Physician Hospital Organization Agreement, dated July 1, 2001, by and between Health New England, Inc. and Cooley Dickinson, as amended 2019-2021 Commercial product Amendment, dated January 1, 2019, as further amended by that Amendment, dated September 21, 2020, as further amended by that CDPHP Commercial Covid-19 Amendment, dated July 8, 2021, as further amended by that 2022-2024 Product Amendment, dated January 1, 2022, and as further amended by that MassHealth Product Amendment, dated May 1, 2023.

2. Health Care Services Agreement, dated January 1, 2022, by and among Health New England, Inc., The Children's Hospital Corporation d/b/a Boston Children's Hospital, Physicians' Organization at Children's Hospital, Inc., and Pediatric Physicians' Organization at Children's, LLC, as amended by that Amendment #1, dated June 1, 2022.
3. Letter of Agreement, dated January 1, 2013, by and between Health New England, Inc. and Berkshire Health Systems, Inc., as amended by that Amendment #1, dated November 9, 2020, as amended by that Amendment #2, dated December 21, 2021.
4. Health Care Services Agreement, dated March 1, 2018, by and between Health New England, Inc. and Berkshire Health Systems, Inc., as amended by that Amendment #3, dated February 1, 2020, and as further amended by that Amendment #4, dated October 1, 2020.
5. Letter of Agreement, dated May 1, 2020, by and between Southern New England Healthcare Organization, Inc, as amended by that Amendment #1, dated May 1, 2020.
6. Multi-Specialty/Primary Care Services Agreement, dated January 1, 2004, by and between Health New England, Inc. and Valley Medical Group, as amended by Amendment, dated January 1, 2021, and as further amended by that Amendment #6, dated March 30, 2021.
7. Medicare Amendment to Multi-Specialty/Primary Care Services Agreement, dated January 1, 2009, by and between Health New England, Inc. and Valley Medical Group, as amended by that Amendment #1 to the Medicare Amendment, dated January 1, 2021.
8. Health Care Services Agreement, dated February 6, 2018, by and between Health New England, Inc. and Valley Health Partners, Inc., as amended by that MassHealth Amendment to the Provider Agreement, dated March 1, 2018, as further amended by that Amendment, dated December 13, 2018, as further amended by that 2020 Extension Amendment, dated January 1, 2020, as further amended by that 2020 Amendment #2 dated May 1, 2020, as further amended by that Amendment, dated April 1, 2021, as further amended by that 2022 Commercial Chronic Coding Amendment, dated July 1, 2022, as further amended by that 2023 Commercial Chronic Coding Amendment, dated January 1, 2023.
9. Budgeted Health Service Fund Agreement, dated November 1, 2003, by and between Health New England, Inc. and BayCare Health Partners PHO, as amended.

(p)

None.

(q)

None.

(r)

None.

Schedule 5.12(a)

Provider Contracts

| Billing Provider Name | |
|----------------------------------|---------------|
| BAYSTATE MEDICAL CENTER | \$ [REDACTED] |
| DR ARMAND A ALIOTTA | \$ [REDACTED] |
| BERKSHIRE MEDICAL CENTER | \$ [REDACTED] |
| MERCY MEDICAL CENTER | \$ [REDACTED] |
| COOLEY DICKINSON HOSPITAL | \$ [REDACTED] |
| UMASS MEMORIAL MEDICAL CENTER | \$ [REDACTED] |
| BOSTON CHILDRENS HOSPITAL | \$ [REDACTED] |
| DR TEDD H ACKERMAN | \$ [REDACTED] |
| BAYSTATE FRANKLIN MEDICAL CENTER | \$ [REDACTED] |
| DR DONALD A CHIULLI | \$ [REDACTED] |
| BRIGHAM AND WOMENS HOSPITAL | \$ [REDACTED] |
| MASS GENERAL HOSPITAL | \$ [REDACTED] |
| AGAWAM MEDICAL SUPPLY | \$ [REDACTED] |
| BAYSTATE NOBLE HOSPITAL | \$ [REDACTED] |
| DR WILLIAM AXTON | \$ [REDACTED] |
| DR GERALD T MCGILLICUDDY | \$ [REDACTED] |
| DR ROBERT RAE AJELLO | \$ [REDACTED] |
| BINNEY MEDICAL ASSOCIATES | \$ [REDACTED] |
| DR NEIL R CONNELLY | \$ [REDACTED] |
| BAYSTATE REFERENCE LABORATORY | \$ [REDACTED] |
| DR RICHARD M BASILE | \$ [REDACTED] |
| SAINT VINCENT HOSPITAL | \$ [REDACTED] |
| FAIRVIEW HOSPITAL | \$ [REDACTED] |
| HARTFORD HOSPITAL | \$ [REDACTED] |
| DR ROBERT SCOTT COWAN | \$ [REDACTED] |
| CARING HEALTH CENTER | \$ [REDACTED] |
| DR ARAM V FERESHETIAN | \$ [REDACTED] |
| DR JEAN A SCHWARTZ | \$ [REDACTED] |
| BMA OF CHICOPEE | \$ [REDACTED] |
| MEDICAL CARE - PAID TO MEMBER | \$ [REDACTED] |

Schedule 5.12(b)

Provider Contracts



Schedule 5.12(c)

Provider Contracts

None.

Schedule 5.12(d)

Provider Contracts

None.

Schedule 5.13(a)

Permits

1. Health Maintenance Organization Company License, Serial No. 2022-14, NAIC No. 95673, issued to Health New England, Inc. issued by Commonwealth of Massachusetts, Office of Consumer Affairs and Business Regulation, Division of Insurance, effective January 1, 2022 through December 31, 2023.
2. Accreditation by the Division of Insurance, Certificate No. 2021-21, issued to Health New England, Inc. issued by Commonwealth of Massachusetts, Office of Consumer Affairs and Business Regulation, Division of Insurance, effective November 1, 2022 through October 31, 2024.
3. License No. 14198, issued to HNE Insurance Company, issued by Commonwealth of Massachusetts, Office of Consumer Affairs and Business Regulation, Division of Insurance.
4. Resident Business Entity Producer License, No. 1781907, issued to HNE Insurance Services Corporation, issued by Commonwealth of Massachusetts, Office of Consumer Affairs and Business Regulation, Division of Insurance, expires November 3, 2024.
5. Health Care Center License, NAIC# 15521, issued to HNE of Connecticut, issued by Insurance Department.
6. Health Equity Accreditation - Commercial HMO/POS Combined Accreditation, issued to Health New England, Inc., issued by the National Committee for Quality Assurance, effective June 17, 2022 through July 13, 2024.
7. Health Equity Accreditation - Exchange HMO Accreditation, issued to Health New England, Inc., issued by the National Committee for Quality Assurance, effective June 17, 2022 through July 13, 2024.
8. Health Equity Accreditation - Medicaid HMO Accreditation, issued to Health New England, Inc., issued by the National Committee for Quality Assurance, effective June 17, 2022 through July 13, 2024.
9. Health Equity Accreditation - Medicare HMO/POS Combined Accreditation, issued to Health New England, Inc., issued by the National Committee for Quality Assurance, effective June 17, 2022 through July 13, 2024.
10. Health Equity Accreditation - Medicare PPO Accreditation, issued to Health New England, Inc., issued by the National Committee for Quality Assurance, effective June 17, 2022 through July 13, 2024.

Schedule 5.13(b)

Permits

None.

Schedule 5.14(a)

Employee Benefit Plan Matters

Employee Benefit Plans

1. Health New England 401(k) Retirement Plan
2. Health New England Group Insurance Plan
 - a. Health (Health New England, Inc.)
 - i. Health New England PPO Wise Max 3000 National HDHP LG
 - ii. Health New England HMO Wise Max 3000 National HDHP LG
 - iii. Health New England HMO Essential 2000 LG
 - b. Life (Guardian Life Insurance Company of America)
 - c. Temporary disability (Guardian Life Insurance Company of America)
 - d. Long-term disability (Guardian Life Insurance Company of America)
 - e. AD&D (Guardian Life Insurance Company of America)
 - f. Massachusetts PFML (Guardian Life Insurance Company of America)
 - g. Health Savings Account and Flexible Spending Account (HealthEquity)
 - h. Employee Assistance Program
3. Workers Compensation Policy for Massachusetts-Based Employees (CSS Travelers)
4. Workers Compensation Policy for Non-Massachusetts-Based Employees (Hartford)
5. HNE Executive Retirement Plan (Non-qualified Retirement Plan)
6. HNE Restoration Policy (discontinued as a separate policy after December 31, 2022, with benefits forming part of the Executive Retirement Plan)
7. The following policies and programs described in the HNE Associate Handbook:
 - a. Educational Assistance Program (Education Expenses Reimbursement)
 - b. PTO and Holiday Policies
8. HNE Executive Financial Consultation (after-tax payment for financial planning, tax planning, and preparation and estate planning)
9. Car Allowance (after-tax payment) for select members of the Executive Leadership Team
10. The following Employment Contracts with Executive Team Members
 - a. Executive Employment Agreement, dated October 18, 2021, by and between Health New England, Inc. and [REDACTED].
 - b. Executive Employment Agreement, dated June 28, 2021, by and between Health New England, Inc. and [REDACTED].
 - c. Executive Employment Agreement, dated October 18, 2021, by and between Health New England, Inc. and [REDACTED].
 - d. Executive Employment Agreement, dated December 4, 2023, by and between Health New England, Inc. and [REDACTED].
 - e. Executive Employment Agreement, dated December 4, 2023, by and between Health New England, Inc. and [REDACTED].
 - f. Executive Employment Agreement, dated March 12, 2018, by and between Health New England, Inc. and [REDACTED].
 - g. Executive Employment Agreement, dated October 1, 2020, as amended, by and between Health New England, Inc., and [REDACTED]. (Items 9(a)-9(g), collectively, the “Employment Agreements”)
11. HNE Severance Guidelines as described in the policy dated October 24, 2023
12. HNE transaction-related retention agreements with Six (6) Employees
 - a. Retention Letter, dated December 1, 2023, by and between Health New England and [REDACTED], for a retention incentive amount of \$ [REDACTED].

- b. Retention Letter, dated February 21, 2023, by and between Health New England and [REDACTED], for the retention incentive amount of \$ [REDACTED].
 - c. Retention Letter, dated May 2, 2023, by and between Health New England and [REDACTED] for a retention incentive amount of \$ [REDACTED].
 - d. Retention Letter, dated May 2, 2023, by and between Health New England and [REDACTED], for a retention incentive amount of \$ [REDACTED].
 - e. Retention Letter, dated September 18, 2023, by and between Health New England and [REDACTED], for a retention incentive amount of \$ [REDACTED].
 - f. Retention Letter, dated September 8, 2023, by and between Health New England and [REDACTED], for a retention incentive amount of \$ [REDACTED].
13. HNE Variable Compensation Plan as described in the 2021 and 2022 performance memos
14. HNE Senior Management Team Variable Compensation Plan as described in the January 1, 2009 summary plan description
15. HNE Sales Incentive Plans for Certain Employees in the Following Sales Commission-eligible Roles
- a. Sales Support Specialist
 - b. Director of Sales and Account Management
 - c. Account Representative – Sales
 - d. Senior Key Accounts Executive
 - e. Manager, Sales Operations and Support
 - f. Account Executive – Existing Business
 - g. Account Representative – Sales
 - h. Senior Sales Executive
 - i. Account Executive – Key Accounts
 - j. Medicare Tele-Sales Representative
 - k. Manager, Medicare Sales and Retention
 - l. Medicare Plan Specialist
 - m. Government Programs Plan Specialist

Schedule 5.14(b)

Employee Benefit Plan Matters

1. The following plan corrections were made in compliance with the Internal Revenue Services Employee Plans Compliance Resolution System, as described in Revenue Procedure 2021-30 or the predecessor guidance then in effect:
 - a. In 2020, HNE filed a voluntary correction statement with the IRS. The IRS agreed to treat the Plan as satisfying the requirements of the Internal Revenue Code and HNE adopted a retroactive Amendment.
 - b. In May 2019, HNE notified a former employee that the forfeiture of a portion of his employer contribution account balance in the 401(k) Plan had been fully restored. After internal review, HNE concluded that it failed to credit the employee with prior service at Baystate Health when the employee transferred directly to HNE. Once prior service was credited, the former employee's account balance was restored (with lost earnings) and distributed to the employee. This corrective action was undertaken, and notice was provided to the participant, in accordance with the IRS Self-Correction Program.
 - c. In November 2022, HNE notified 127 participants that interest generated by the 401(k) Plan's investment in the MassMutual Capital Preservation Fund was erroneously credited to their accounts. The total amount of misallocated interest, all of which was attributable to record keeper error, was approximately \$83,000. This error was corrected by removing all credited interest attributable to period at issue and then crediting the correct interest amounts to participant accounts.
 - d. In April 2023, HNE notified 10 participants that company matching contributions had been erroneously credited to their 401(k) plan accounts. This was a result of an error in the payroll vendor's file, which reflected incorrect hire dates for temporary staff who were later hired as HNE employees. The total amount of the erroneous contributions was \$11,000. The erroneous contributions (plus earnings) were removed from the accounts of affected participants, and notice was provided to participants, in accordance with the IRS Self-Correction Procedure.
2. In 2021, HNE identified that the Executive Retirement Plan and Restoration Policy had not been administered according to the plan documents. HNE engaged Korn Ferry, conducted an audit into the plan since the effective date of the plan (2012) and made remedial payments to those that were owed.

Schedule 5.14(d)

Employee Benefit Plan Matters

None.

Schedule 5.14(e)

Employee Benefit Plan Matters

Baystate Health, the sole corporate member of HNE, maintains the Baystate Health, Inc. Retirement Program, a cash balance defined benefit plan. This plan is being terminated under the “standard termination procedure” under PBGC regulations. The termination date was December 31, 2022. Baystate Health has received a favorable determination from the IRS dated December 5, 2023. The termination process should be completed in late 2024, at which time the plan will be liquidated. The plan did not cover the separate HNE employee population.

Schedule 5.14(k)

Employee Benefit Plan Matters

Termination of the Executive Retirement Plan at any point in a Plan year would accelerate vesting and payment of all previously earned benefits and any benefits earned within the Plan year prorated to the date of termination.

Schedule 5.15

Employee and Labor Matters

(d)

1. Kimberly Donovan v. Health New England, Inc., Conn. Supp. D.N. HHD-CV-23-6167435 S (Nov. 30, 2023): Former employee K. Donovan was dismissed from employment on January 30, 2023. On March 22, 2023, she filed a complaint in Superior Court in Connecticut against HNE and M. Perracchio, her former leader, alleging interference with FMLA rights and unlawful retaliation against her for exercising her FMLA rights. On November 15, 2023, the Court dismissed the suit in its entirety on the grounds that Donovan failed to allege sufficient facts to support her assertions. On November 30, 2023, Donovan refiled an amended complaint in Superior Court in Connecticut. On January 5, 2024, HNE responded to Plaintiff's discovery requests and is waiting on Plaintiff's responses to HNE's discovery requests. On December 29, 2023, HNE, through counsel, filed a Motion to Strike Plaintiff's Amended Complaint in its entirety, as our position continues to be that the claim has no merit. We are awaiting judgment on the Motion. HNE's position is that there is no merit to this claim and there is no basis for a class or collective action on this matter. (the "Donovan Matter").

2.

[REDACTED]

(f)

[REDACTED]

Schedule 5.17(b)

Taxes

Forms 1099 for calendar year 2022 were filed timely with the IRS and the state prior to January 31, 2023; however, mailing to the relevant 7,898 1099 payees occurred, after the applicable deadline, on February 9, 2023. Estimated IRS penalties for failing to timely provide the aforementioned Forms 1099 for calendar year 2022 to the relevant payees are approximately \$394,900.

Forms 1099 for calendar year 2023 were filed timely with the IRS and the state prior to January 31, 2024; however, mailing to the relevant 7,663 1099 payees occurred after the applicable deadline, on February 5, 2024. Estimated IRS penalties for failing to timely provide the aforementioned Forms 1099 for calendar year 2023 to the relevant payees are approximately \$459,780.

Schedule 5.17(n)

Taxes

| Entity | U.S. Federal Income Tax classification |
|--|--|
| Health New England, Inc. | Corporation exempt from U.S. federal income taxation under Section 501(c)(4) of the Internal Revenue Code of 1986, as amended (the "Code") |
| HNE of Connecticut, Inc. | Corporation exempt from U.S. federal income taxation under Section 501(c)(4) of the Code |
| HNE Holding Corporation | C Corporation |
| HNE Insurance Services Corporation, Inc. | C Corporation |
| HNE Advisory Services, Inc. | C Corporation |
| HNE Insurance Company, Inc. | C Corporation |

Schedule 5.17(s)

Taxes

None.

Schedule 5.18(a)

Proceedings and Orders

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Schedule 5.19(d)

Compliance with Laws; Illegal Payments

None.

Schedule 5.19(e)

Compliance with Laws; Illegal Payments

None.

Schedule 5.21(a)

Receivable and Accounts Payable

None.

Schedule 5.25

Related Party Transactions

The Monarch Place Lease.

Schedule 5.26

Bank Accounts

| Account Number | Entity | Authorized Signatories |
|----------------------|-----------------------|------------------------|
| [REDACTED] | HNE Advisory Services | [REDACTED] |
| [REDACTED] | HNE Advisory Services | [REDACTED] |
| [REDACTED] | HNE Advisory Services | [REDACTED] |
| [REDACTED] | HNE Insurance Company | [REDACTED] |
| Lockbox [REDACTED] | HNE Insurance Company | [REDACTED] |
| [REDACTED] | Health New England | [REDACTED] |
| [REDACTED] | Health New England | [REDACTED] |
| [REDACTED] | Health New England | [REDACTED] |
| Lockbox # [REDACTED] | Health New England | [REDACTED] |
| [REDACTED] | Health New England | [REDACTED] |
| [REDACTED] | HNE of Connecticut | [REDACTED] |
| [REDACTED] | HNE of Connecticut | [REDACTED] |

| | | |
|----------------------|--------------------|------------|
| Lockbox # [REDACTED] | | [REDACTED] |
| [REDACTED] | Health New England | [REDACTED] |

Schedule 5.27

Insurance

| Line of Coverage | Carrier & Best Rating | Policy No. | Policy Period | Premium | Limits | Retention |
|--|----------------------------------|-------------------|-----------------------|--|---|------------------|
| General Liability | | | | | | |
| Managed Care Organizations Errors and Omissions Liability Policy | TDC Specialty Underwriters | MCP-00890-23-03 | 10/1/2023 - 10/1/2024 | \$118,664.00 | \$10M/ \$10M | \$150,000 |
| Excess Liability | BHIC | PL-10122-XS | 10/1/2022-10/1/2023 | | \$30M | |
| Lawyers Professional Liability | Chubb Group | 8211-1323 | 1/1/2023 - 1/1/2024 | \$7040.00 | \$1M | |
| Stop Loss | SwissRe Life | | 1/1/2024 - 12/31/2024 | Commercial Lg Group – 10.29pmpm Commercial individual and small group - \$5.70pmpm MedAdv - .33pmpm Minimum ceded premium \$1,000,000 | \$750,000 – Commercial; unlimited excess 1,000,000 – Medicare; \$2million excess | |

| Line of Coverage | Carrier & Best Rating | Policy No. | Policy Period | Premium | Limits | Retention |
|---------------------------------------|---------------------------------|-------------------|-----------------------------|-------------|------------------|-----------|
| General Liability | BHIC | PL-10122 | 10/1/2022 - 10/1/2023 | | \$3M/\$6M | |
| Property | | | | | | |
| Commercial Prop. | Chubb | 3576-78-56 BOS | 10/1/2022 - 10/1/2023 | | \$1B | |
| Auto | | | | | | |
| Commercial Auto | Safety Insurance Company | COM 623272707 | 3/12/2023 - 3/12/2024 | \$6,697.00 | \$1M CSL | |
| Medical Malpractice | | | | | | |
| Medical Professional Liability | BHIC | CP-10122 | 10/1/2022 - 10/1/2023 | | \$1M/\$3M | |
| Security and Privacy Liability | | | | | | |
| Information Security and Privacy | Beazley Insurance Company, Inc. | V12980221101 | 6/1/2022 6/1/2023 - | \$66,569.38 | \$5M | |
| Excess | Reslience | | 6/1/2022 - 6/1/2023 | \$52,801.14 | \$5M | |
| Workers Compensation | | | | \$15,931.00 | | |
| Workers Comp | BHIC | WC-10122 | 10/1/2022 - 10/1/2023 | | \$750K | |
| Excess | Safety National | SP4067210 | 9/1/2022 - 9/1/2023 | | Statutory Limits | |
| Fiduciary Liability | | | | | | |
| Fiduciary Liability | CHUBB QBE | DON | 5/15/2022 | | \$5M/\$5M | |

| Line of Coverage | Carrier & Best Rating | Policy No. | Policy Period | Premium | Limits | Retention |
|---|-------------------------------------|----------------------|-----------------------------|----------------------------------|--|-----------|
| Coverage | | G25565344 008 | - 10/1/2023 | | | |
| Fiduciary Crime Policy | CHUBB QBE | DON G25565344 008 | 5/15/2022 - 10/1/2023 | | \$5M/\$5M | |
| Directors & Officers | | | | | | |
| Directors & Officers including Employment Practices Liability(excess) | Chubb (primary) Beazley (Excess) | 130002770 | 05/15/2022 - 10/1/2023 | \$10M (primary) \$5M (excess) | | |
| Directors & Officers and Organization Liability (primary) and EPL | TDC Specialty Underwriters | MMP-00891-23-03 | 10/1/2023 - 10/1/2024 | \$47,912.80 | \$5M | |
| Directors & Officers and Employment Practices Liability (Excess) | Chatham Insurance Services | | 10/1/2023 - 10/1/2024 | \$29,024.00 | \$5M | |
| Employment Practices Liability (including Third Party EPL) | BHIC | DO-10122 | 10/1/2022 - 10/1/2023 | *included in E&O premium | \$250,000 D&O \$750,000 EPL \$1,000,000 Physician \$1,500,000 Anti -trust \$1,000,000 Regulatory | |
| Long Term Disability | | | | | | |
| BHIC | Baystate Health | LTD-10122 | 10/1/2022 - 10/1/2023 | | 50% of monthly earnings not to exceed \$15,000 | |

Schedule 5.28

Brokers

None.

Schedule 6.2(b)

Consents

Expiration of waiting period following submission of notice regarding the Transaction with the U.S. Federal Trade Commission under the Hart Scott Rodino notification rules.

Massachusetts Division of Insurance shall have consented to the change of control with respect to the Company's Massachusetts HMO license as reported on the Acquisition of Control Statement (Form A) effective upon the Closing.

Massachusetts Executive Office of Health and Human Services shall have consented to the change of control, effective upon the Closing, of the Company's Second Amended and Restated Accountable Care Partnership Plan Contract for the MassHealth Accountable Care Organization Program dated January 1, 2020, to Point32Health.

The Commonwealth Insurance Connector Authority shall have consented to the change in control, effective upon the Closing, of the Agreement between the Commonwealth Insurance Connector Authority (Health Connector) and the Company, dated October 1, 2016, as amended.

Schedule 6.3

Proceedings

None.

Schedule 6.5

Brokers

Fee payable to Jefferies LLC at Closing.

Attachment 1.1(a)

Central Massachusetts Merged Market Exit Count

See attached.

Attachment 1.1(a) (Central Massachusetts Merged Market Exit Count)

| Group No. | Renewal Date | Account Name | ZIP | Subscribers | Enrollees |
|------------------|---------------------|---------------------|------------|--------------------|------------------|
| 117038 | 2/1/2024 | | 01440 | 2 | 2 |
| 117472 | 2/1/2024 | | 01440 | 9 | 18 |
| 119321 | 2/1/2024 | | 01606 | 1 | 3 |
| 119010 | 2/1/2024 | | 01420 | 2 | 3 |
| 118456 | 2/1/2024 | | 01605 | 14 | 18 |
| 119324 | 2/1/2024 | | 01604 | 6 | 10 |
| 119007 | 2/1/2024 | | 01453 | 4 | 5 |
| 117970 | 2/1/2024 | | 01562 | 11 | 19 |
| 118206 | 2/1/2024 | | 01585 | 1 | 4 |
| 119030 | 2/1/2024 | | 01473 | 3 | 3 |
| 119312 | 2/1/2024 | | 01583 | 1 | 1 |
| 119034 | 2/1/2024 | | 01603 | 6 | 20 |
| 118484 | 3/1/2024 | | 01609 | 2 | 2 |
| 118010 | 3/1/2024 | | 01532 | 5 | 12 |
| 118237 | 3/1/2024 | | 01501 | 10 | 17 |
| 119040 | 3/1/2024 | | 01507 | 4 | 4 |
| 119029 | 3/1/2024 | | 01543 | 2 | 5 |
| 119080 | 3/1/2024 | | 01571 | 6 | 6 |
| 117227 | 3/1/2024 | | 01507 | 2 | 6 |
| 118497 | 3/1/2024 | | 01606 | 2 | 8 |
| 118499 | 3/1/2024 | | 01605 | 22 | 33 |
| 118234 | 3/1/2024 | | 01570 | 6 | 11 |
| 119097 | 3/1/2024 | | 01453 | 1 | 1 |
| 119045 | 3/1/2024 | | 01607 | 3 | 3 |
| 119117 | 3/1/2024 | | 01464 | 3 | 5 |
| 119059 | 3/1/2024 | | 01501 | 15 | 39 |
| 119078 | 3/1/2024 | | 01507 | 2 | 2 |
| 118023 | 3/1/2024 | | 01541 | 1 | 1 |
| 119098 | 3/1/2024 | | 01566 | 1 | 3 |
| 117981 | 3/1/2024 | | 01570 | 3 | 4 |
| 119081 | 3/1/2024 | | 01581 | 1 | 1 |
| 119039 | 3/1/2024 | | 01583 | 1 | 3 |
| 118229 | 3/1/2024 | | 01588 | 3 | 5 |
| 118486 | 3/1/2024 | | 01588 | 9 | 11 |
| 119087 | 3/1/2024 | | 01590 | 1 | 1 |
| 119062 | 3/1/2024 | | 01608 | 1 | 1 |
| 119058 | 3/1/2024 | | 01609 | 2 | 2 |
| 119049 | 3/1/2024 | | 34996 | 1 | 1 |
| 119042 | 3/1/2024 | | 01775 | 2 | 6 |
| 119074 | 3/1/2024 | | 01775 | 2 | 4 |
| 113832 | 4/1/2024 | | 43230 | 2 | 4 |
| 119339 | 4/1/2024 | | 33442 | 5 | 5 |
| 118267 | 4/1/2024 | | 04457 | 5 | 5 |
| 119109 | 4/1/2024 | | 01611 | 2 | 3 |
| 119108 | 4/1/2024 | | 01610 | 2 | 2 |

Attachment 1.1(a) (Central Massachusetts Merged Market Exit Count)

| Group No. | Renewal Date | Account Name | ZIP | Subscribers | Enrollees |
|------------------|---------------------|---------------------|------------|--------------------|------------------|
| 119048 | 4/1/2024 | | 01609 | 1 | 3 |
| 119070 | 4/1/2024 | | 01609 | 1 | 1 |
| 118502 | 4/1/2024 | | 01609 | 4 | 8 |
| 119354 | 4/1/2024 | | 01605 | 4 | 4 |
| 117235 | 4/1/2024 | | 01605 | 8 | 11 |
| 118538 | 4/1/2024 | | 01605 | 2 | 7 |
| 118032 | 4/1/2024 | | 01604 | 8 | 10 |
| 119071 | 4/1/2024 | | 01604 | 1 | 1 |
| 119119 | 4/1/2024 | | 01603 | 6 | 11 |
| 119333 | 4/1/2024 | | 01590 | 2 | 3 |
| 119072 | 4/1/2024 | | 01590 | 4 | 4 |
| 119336 | 4/1/2024 | | 01590 | 2 | 4 |
| 119067 | 4/1/2024 | | 01583 | 1 | 1 |
| 118527 | 4/1/2024 | | 01571 | 11 | 13 |
| 118508 | 4/1/2024 | | 01571 | 13 | 32 |
| 118503 | 4/1/2024 | | 01570 | 1 | 1 |
| 118271 | 4/1/2024 | | 01570 | 9 | 16 |
| 119101 | 4/1/2024 | | 01564 | 1 | 2 |
| 119118 | 4/1/2024 | | 01561 | 5 | 13 |
| 118544 | 4/1/2024 | | 01545 | 1 | 3 |
| 118024 | 4/1/2024 | | 01545 | 1 | 3 |
| 119090 | 4/1/2024 | | 01545 | 1 | 1 |
| 119129 | 4/1/2024 | | 01527 | 1 | 2 |
| 119060 | 4/1/2024 | | 01523 | 1 | 1 |
| 118262 | 4/1/2024 | | 01522 | 6 | 12 |
| 119100 | 4/1/2024 | | 01520 | 1 | 3 |
| 119358 | 4/1/2024 | | 01518 | 4 | 4 |
| 119064 | 4/1/2024 | | 01505 | 1 | 2 |
| 119063 | 4/1/2024 | | 01501 | 3 | 7 |
| 118257 | 4/1/2024 | | 01453 | 1 | 1 |
| 119094 | 4/1/2024 | | 01440 | 1 | 1 |
| 119093 | 4/1/2024 | | 01430 | 2 | 2 |
| 119350 | 4/1/2024 | | 01420 | 3 | 4 |
| 114051 | 5/1/2024 | | 06096 | 4 | 7 |
| 117794 | 5/1/2024 | | 02536 | 2 | 4 |
| 117103 | 5/1/2024 | | 01608 | 5 | 5 |
| 118539 | 5/1/2024 | | 01604 | 9 | 10 |
| 117796 | 5/1/2024 | | 01585 | 1 | 1 |
| 118042 | 5/1/2024 | | 01585 | 4 | 8 |
| 119367 | 5/1/2024 | | 01581 | 2 | 3 |
| 119145 | 5/1/2024 | | 01564 | 5 | 20 |
| 118552 | 5/1/2024 | | 01542 | 7 | 9 |
| 118554 | 5/1/2024 | | 01540 | 9 | 18 |
| 118279 | 5/1/2024 | | 01507 | 4 | 5 |
| 119126 | 5/1/2024 | | 01505 | 1 | 1 |

Attachment 1.1(a) (Central Massachusetts Merged Market Exit Count)

| Group No. | Renewal Date | Account Name | ZIP | Subscribers | Enrollees |
|-----------|--------------|--------------|-------|-------------|-----------|
| 118273 | 5/1/2024 | | 01504 | 3 | 3 |
| 117579 | 6/1/2024 | | 01535 | 6 | 13 |
| 118568 | 6/1/2024 | | 03782 | 4 | 7 |
| 118578 | 6/1/2024 | | 01531 | 1 | 3 |
| 119165 | 6/1/2024 | | 01604 | 7 | 8 |
| 118565 | 6/1/2024 | | 01608 | 13 | 19 |
| 118570 | 6/1/2024 | | 01540 | 13 | 25 |
| 118571 | 6/1/2024 | | 01775 | 7 | 8 |
| 118584 | 6/1/2024 | | 01420 | 8 | 9 |
| 119146 | 6/1/2024 | | 01570 | 4 | 11 |
| 119144 | 6/1/2024 | | 01583 | 1 | 2 |
| 118557 | 6/1/2024 | | 01507 | 4 | 4 |
| 118289 | 6/1/2024 | | 01749 | 13 | 20 |
| 118293 | 6/1/2024 | | 01535 | 22 | 30 |
| 119151 | 6/1/2024 | | 01453 | 1 | 1 |
| 118553 | 6/1/2024 | | 01543 | 3 | 3 |
| 118298 | 6/1/2024 | | 01540 | 3 | 5 |
| 119148 | 6/1/2024 | | 01604 | 3 | 7 |
| 118579 | 6/1/2024 | | 01604 | 4 | 7 |
| 119153 | 6/1/2024 | | 01604 | 5 | 8 |
| 119163 | 6/1/2024 | | 01588 | 7 | 7 |
| 119406 | 7/1/2024 | | 01545 | 4 | 4 |
| 118599 | 7/1/2024 | | 01562 | 25 | 53 |
| 118596 | 7/1/2024 | | 01562 | 2 | 9 |
| 118603 | 7/1/2024 | | 01532 | 11 | 24 |
| 116738 | 7/1/2024 | | 01585 | 5 | 5 |
| 119181 | 7/1/2024 | | 01475 | 9 | 13 |
| 118607 | 7/1/2024 | | 01532 | 1 | 1 |
| 117600 | 7/1/2024 | | 01545 | 9 | 13 |
| 117575 | 7/1/2024 | | 01603 | 10 | 16 |
| 118316 | 7/1/2024 | | 01606 | 4 | 9 |
| 118613 | 8/1/2024 | | 01606 | 3 | 3 |
| 117318 | 8/1/2024 | | 01608 | 11 | 27 |
| 118620 | 8/1/2024 | | 01608 | 8 | 10 |
| 118615 | 8/1/2024 | | 01609 | 3 | 3 |
| 119200 | 8/1/2024 | | 01507 | 5 | 7 |
| 119202 | 8/1/2024 | | 01550 | 2 | 3 |
| 118302 | 8/1/2024 | | 01590 | 3 | 7 |
| 118616 | 8/1/2024 | | 01602 | 1 | 1 |
| 118645 | 8/1/2024 | | 01772 | 1 | 1 |
| 118618 | 8/1/2024 | | 01604 | 11 | 15 |
| 118670 | 9/1/2024 | | 01440 | 9 | 10 |
| 118665 | 9/1/2024 | | 01527 | 1 | 1 |
| 118105 | 9/1/2024 | | 01521 | 2 | 2 |
| 118709 | 9/1/2024 | | 01606 | 14 | 33 |

Attachment 1.1(a) (Central Massachusetts Merged Market Exit Count)

| Group No. | Renewal Date | Account Name | ZIP | Subscribers | Enrollees |
|------------------|---------------------|---------------------|------------|--------------------|------------------|
| 118329 | 9/1/2024 | | 01540 | 8 | 15 |
| 117633 | 9/1/2024 | | 01612 | 1 | 1 |
| 118688 | 9/1/2024 | | 01550 | 5 | 14 |
| 118675 | 9/1/2024 | | 01420 | 1 | 5 |
| 118667 | 9/1/2024 | | 01583 | 3 | 4 |
| 118673 | 9/1/2024 | | 01610 | 1 | 1 |
| 117867 | 9/1/2024 | | 01610 | 1 | 1 |
| 118668 | 9/1/2024 | | 01432 | 4 | 7 |
| 118654 | 9/1/2024 | | 01420 | 5 | 5 |
| | | Total | | 668 | 1127 |

Attachment 7.2

Conduct of Business Pending the Closing

Retention Agreement for the position of HNE’s Senior Director of Provider Network Strategy & Management, on terms consistent with the existing retention agreements with HNE executives.

Anticipated approval by the Compensation Committee of the 2023 variable compensation plan results and payout (to be paid out in March of 2024), at its meeting scheduled February 26, 2024. All amounts were fully accrued for in 2023.

Revisions to existing Retention Agreements in effect prior to the Execution Date to extend the “Retention Period” contemplated therein as necessary based on the timing of the Closing.

Execution of 2024 budget and spending on approved 2024 expenses as approved by the Baystate Health Board (for the fiscal year) in September 2023 and by the HNE Board (for the calendar year) in December 2023.

[REDACTED]

[REDACTED]

HNE and Picknelly Family Limited Partnership have fully negotiated an amendment to the Monarch Lease for the purpose of reducing the leased premises square footage to 40,967sqft for a rent amount of [REDACTED] annually.

[REDACTED]

Attachment 7.6(c)

Non-Solicit of Employees

1. [REDACTED]
2. [REDACTED]
3. [REDACTED]

Attachment 7.12(a)

Required Shared Assets

None.

Attachment 10.1(b)

Consents

Massachusetts Division of Insurance shall have consented to the change of control with respect to the Massachusetts HMO license as reported on the Acquisition of Control Statement (Form A) effective upon the Closing.

Massachusetts Executive Office of Health and Human Services shall have consented to the change of control, effective upon the Closing, of Seller's Second Amended and Restated Accountable Care Partnership Plan Contract for the MassHealth Accountable Care Organization Program dated January 1, 2020, to Buyer.

The Commonwealth Insurance Connector Authority shall have consented to the change in control effective upon the Closing, of the Agreement between the Commonwealth Insurance Connector Authority (Health Connector) and Seller, dated October 1, 2016, as amended.

Pre-Closing notification to CMS with respect to Seller's Medicare Advantage H2737 Contract dated August 23, 2023, including the Part D Addendum thereto.

Pre-Closing notification to CMS with respect to Seller's Medicare Advantage H8578 Contract dated August 23, 2023, including the Part D Addendum thereto.

Pre-Closing notification with respect to Seller's accreditation by the Commonwealth of Massachusetts, Office of Consumer Affairs and Business Regulation, Division of Insurance.

Attachment 10.2(b)

Consents

Massachusetts Division of Insurance shall have consented to the change of control with respect to the Massachusetts HMO license as reported on the Acquisition of Control Statement (Form A) effective upon the Closing.

Massachusetts Executive Office of Health and Human Services shall have consented to the change of control, effective upon the Closing, of Seller's Second Amended and Restated Accountable Care Partnership Plan Contract for the MassHealth Accountable Care Organization Program dated January 1, 2020, to Buyer.

The Commonwealth Insurance Connector Authority shall have consented to the change in control effective upon the Closing, of the Agreement between the Commonwealth Insurance Connector Authority (Health Connector) and Seller, dated October 1, 2016, as amended.

Pre-Closing notification to CMS with respect to Seller's Medicare Advantage H2737 Contract dated August 23, 2023, including the Part D Addendum thereto.

Pre-Closing notification to CMS with respect to Seller's Medicare Advantage H8578 Contract dated August 23, 2023, including the Part D Addendum thereto.

Pre-Closing notification with respect to Seller's accreditation by the Commonwealth of Massachusetts, Office of Consumer Affairs and Business Regulation, Division of Insurance.