

FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

Health Choice Arizona, Inc.  
Years Ended September 30, 2023 and 2022  
With Report of Independent Auditors

Ernst & Young LLP



Health Choice Arizona, Inc.

Financial Statements and Supplementary Information

Years Ended September 30, 2023 and 2022

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## Report of Independent Auditors

The Board of Directors  
Health Choice Arizona, Inc.

### **Opinion**

We have audited the financial statements of Health Choice Arizona, Inc.(the Company), which comprise the balance sheets as of September 30, 2023 and 2022, and the related statements of operations and comprehensive income, changes in equity, and cash flows for the years then ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at September 30, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

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 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 opinion.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the 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 financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of 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 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 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 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

## Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental detailed balance sheet, supplemental detailed statement of operations and comprehensive income, supplemental detailed statement of cash flows, sub-capitated expenses report, block purchases report, and supplemental schedule of activities are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Ernst + Young LLP*

May 30, 2024

Health Choice Arizona, Inc.

Balance Sheets

|                                       | <b>Year Ended September 30</b> |                       |
|---------------------------------------|--------------------------------|-----------------------|
|                                       | <b>2023</b>                    | <b>2022</b>           |
| <b>Assets</b>                         |                                |                       |
| Current assets:                       |                                |                       |
| Cash and cash equivalents             | \$ 290,177,422                 | \$ 253,545,867        |
| Investments                           | 65,325,278                     | 30,380,228            |
| Pharmacy rebate receivables           | 6,154,322                      | 5,975,263             |
| Private reinsurance receivables       | 42,369                         | 7,393                 |
| Due from AHCCCS                       | 41,710,900                     | 33,010,654            |
| Due from CMS, net                     | 3,846,613                      | 9,950,463             |
| Note receivable from BCBSAZ           | 97,457,472                     | 141,990,270           |
| Other current assets, net             | 31,583,413                     | 4,895,148             |
| Total current assets                  | <u>536,297,789</u>             | <u>479,755,286</u>    |
| Goodwill                              | 5,756,914                      | 5,756,914             |
| Net deferred tax assets               | 92,822,542                     | 101,007,324           |
| Total assets                          | <u>\$ 634,877,245</u>          | <u>\$ 586,519,524</u> |
| <b>Liabilities and equity</b>         |                                |                       |
| Current liabilities:                  |                                |                       |
| Accounts payable and accrued expenses | \$ 1,598,225                   | \$ 4,465,502          |
| Medical claims payable                | 111,992,198                    | 118,407,689           |
| Due to affiliates, net                | 45,779,735                     | 37,559,890            |
| Due to AHCCCS                         | 110,142,122                    | 81,042,210            |
| Payable to providers                  | 48,126,782                     | 44,857,388            |
| Deferred revenue                      | 15,459,706                     | 14,093,519            |
| Federal taxes payable                 | 9,825,804                      | 4,789,276             |
| Total liabilities                     | <u>342,924,572</u>             | <u>305,215,474</u>    |
| Equity:                               |                                |                       |
| Retained earnings                     | 291,972,245                    | 281,304,050           |
| Accumulated other comprehensive loss  | (19,572)                       | —                     |
| Total equity                          | <u>291,952,673</u>             | <u>281,304,050</u>    |
| Total liabilities and equity          | <u>\$ 634,877,245</u>          | <u>\$ 586,519,524</u> |

See accompanying notes.

Health Choice Arizona, Inc.

Statements of Operations and Comprehensive Income

|   | <b>Year Ended September 30</b> |                  |
|---|--------------------------------|------------------|
|   | <b>2023</b>                    | <b>2022</b>      |
| Revenue:                                      |                                |                  |
| Capitation premiums                           | <b>\$ 1,271,246,824</b>        | \$ 1,367,980,544 |
| Delivery supplemental premiums                | <b>26,697,747</b>              | 24,629,172       |
| Other grants and contracts revenue            | <b>3,676,694</b>               | 28,902,946       |
| Other revenue                                 | <b>–</b>                       | 1,402,720        |
| Total revenue                                 | <b>1,301,621,265</b>           | 1,422,915,382    |
| Expenses:                                     |                                |                  |
| Medical expenses                              | <b>1,093,389,784</b>           | 1,212,658,447    |
| Administrative expenses                       | <b>118,622,714</b>             | 119,837,178      |
| Premium tax expense                           | <b>23,645,207</b>              | 27,617,573       |
| Total expenses                                | <b>1,235,657,705</b>           | 1,360,113,198    |
| Operating income                              | <b>65,963,560</b>              | 62,802,184       |
| Non-operating income (expense):               |                                |                  |
| Interest income                               | <b>5,400,395</b>               | 1,583,065        |
| Investment income                             | <b>8,824,542</b>               | 200,375          |
| Community reinvestment expense                | <b>(3,139,524)</b>             | (2,717,418)      |
| Other non-operating expenses                  | <b>(203,874)</b>               | (2,007,146)      |
| Income before income taxes                    | <b>76,845,099</b>              | 59,861,060       |
| Income tax expense                            | <b>16,176,904</b>              | 12,608,978       |
| Net income                                    | <b>60,668,195</b>              | 47,252,082       |
| Other comprehensive income (loss)             |                                |                  |
| Unrealized investment loss                    | <b>(26,687)</b>                | –                |
| Less: effect of income taxes                  | <b>7,115</b>                   | –                |
| Other comprehensive income (loss), net of tax | <b>(19,572)</b>                | –                |
| Comprehensive income                          | <b>\$ 60,648,623</b>           | \$ 47,252,082    |

*See accompanying notes.*

Health Choice Arizona, Inc.

Statements of Changes in Equity

|                                      | <b>Retained<br/>Earnings</b> | <b>Accumulated<br/>Other<br/>Comprehensive<br/>Loss</b> | <b>Total Equity</b>          |
|--------------------------------------|------------------------------|---|------------------------------|
| Balance at October 1, 2021           | \$ 254,051,968               | \$ —  | \$ 254,051,968               |
| Equity distribution                  | (20,000,000)                 | —   | (20,000,000)                 |
| Net income                           | 47,252,082                   | —   | 47,252,082                   |
| Balance at September 30, 2022        | 281,304,050                  | —   | 281,304,050                  |
| Equity distribution                  | <b>(50,000,000)</b>          | —   | <b>(50,000,000)</b>          |
| Net income                           | <b>60,668,195</b>            | —   | <b>60,668,195</b>            |
| Accumulated other comprehensive loss | —                            | <b>(19,572)</b>   | <b>(19,572)</b>              |
| Balance at September 30, 2023        | <b><u>\$ 291,972,245</u></b> | <b><u>\$ (19,572)</u></b>                               | <b><u>\$ 291,952,673</u></b> |

*See accompanying notes.*

Health Choice Arizona, Inc.

Statements of Cash Flows

|   | <b>Year Ended September 30</b> |                       |
|---|--------------------------------|-----------------------|
|   | <b>2023</b>                    | <b>2022</b>           |
| <b>Operating activities</b>   |                                |                       |
| Net income  | \$ 60,668,195                  | \$ 47,252,082         |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                |                       |
| Change in unrealized loss   | 22,095                         | 72,498                |
| Changes in operating assets and liabilities:                                      |                                |                       |
| Pharmacy rebate receivables   | (179,059)                      | 2,936,856             |
| Private reinsurance receivables   | (34,976)                       | 294,417               |
| Due from AHCCCS   | (8,700,246)                    | (7,536,510)           |
| Due from CMS, net   | 5,483,155                      | 4,184,594             |
| Note receivable   | 44,532,798                     | 18,255,987            |
| Other current assets, net   | (26,688,265)                   | (2,000,697)           |
| Deferred tax assets   | 8,184,782                      | 7,438,752             |
| Accounts payable and accrued expenses   | (2,867,277)                    | 2,868,847             |
| Medical claims payable  | (6,415,491)                    | 18,881,689            |
| Due to affiliates, net  | 8,219,845                      | 25,212,330            |
| Due to AHCCCS   | 29,099,912                     | 53,779,500            |
| Payable to providers  | 3,269,394                      | 18,701,650            |
| Deferred revenue  | 1,366,187                      | 13,843,519            |
| Federal taxes payable   | 5,036,528                      | (556,444)             |
| Net cash provided by operating activities   | <u>120,997,577</u>             | <u>203,629,070</u>    |
| <b>Investing activities</b>   |                                |                       |
| Sale of investments   | 32,918,695                     | 8,848,394             |
| Purchase of investments   | (67,905,412)                   | (39,301,120)          |
| Net cash used in investing activities   | <u>(34,986,717)</u>            | <u>(30,452,726)</u>   |
| <b>Financing activities</b>   |                                |                       |
| Receipts from CMS contract deposits   | 34,006,157                     | 30,684,649            |
| Withdrawals from CMS contract deposits  | (33,385,462)                   | (33,627,950)          |
| Distribution to Parent  | (50,000,000)                   | (20,000,000)          |
| Net cash used in financing activities   | <u>(49,379,305)</u>            | <u>(22,943,301)</u>   |
| Net increase in cash and cash equivalents   | 36,631,555                     | 150,233,043           |
| Cash and cash equivalents, beginning of year                                      | 253,545,867                    | 103,312,824           |
| Cash and cash equivalents, end of year  | <u>\$ 290,177,422</u>          | <u>\$ 253,545,867</u> |

See accompanying notes.

# Health Choice Arizona, Inc.

## Notes to Combined Financial Statements

September 30, 2023

### 1. Organization

Health Choice Arizona, Inc. (the Company) is a wholly owned subsidiary of Veritage LLC (Veritage). Veritage is an Arizona limited liability company owned solely by Blue Cross Blue Shield of Arizona (BCBSAZ).

The Company is a managed care organization and insurer that delivers healthcare services to members through multiple health plans, accountable care networks and managed care solutions. The Company subcontracts with hospitals, physicians and other medical providers within Arizona and surrounding states to provide services to its members in the service area counties. The Company operates under three different contracts: Health Choice Arizona – Arizona Health Care Cost Containment System (AHCCCS) Complete Care (ACC), Health Choice Arizona – AHCCCS Regional Behavioral Health Authority (RBHA) and Health Choice Pathway (HCP).

The Company's ACC contract with AHCCCS was established to provide specified healthcare services to qualified Medicaid enrollees through contracts with providers. AHCCCS is the state agency that administers Arizona's Medicaid program, including the AHCCCS Complete Care program. The contract requires the Company to arrange for healthcare services for enrolled Medicaid patients in exchange for fixed monthly premiums, based on negotiated per capita member rates, and supplemental payments from AHCCCS. These services are provided regardless of the actual costs incurred to provide these services. The Company receives reinsurance and other supplemental payments from AHCCCS to cover certain costs of healthcare services that exceed defined thresholds. On March 5, 2018, the Company was awarded the ACC contract to provide integrated physical and behavioral health services to AHCCCS members in Apache, Coconino, Gila, Maricopa, Mohave, Navajo, Pinal, and Yavapai counties, beginning October 1, 2018. The ACC contract had an initial term of three years and two two-year options to extend the contract at the discretion of AHCCCS. The contract is terminable without cause on 90 days' written notice or for cause upon written notice if the Company fails to comply with any term or condition of the contract or fails to take corrective action as required to comply with the terms of the contract. Additionally, AHCCCS can terminate the contract in the event of the unavailability of state or federal funding.

Through the RBHA contract, the Company provided high-quality physical and behavioral healthcare services to Medicaid eligible adults with serious mental illness (SMI) in Northern Arizona under the Regional Behavioral Health Authority. Effective October 1, 2022, the Company is no longer a contracted managed care organization for the RBHA Program. The Company experienced RBHA program related run out activities in 2023, which are expected to continue in 2024.

## Health Choice Arizona, Inc.

### Notes to Combined Financial Statements (continued)

#### **1. Organization (continued)**

The Company operates a prepaid Medicare Advantage Prescription Drug (MAPD) Special Needs Plan (SNP), called Health Choice Pathway, through a contract with the Centers for Medicare & Medicaid Services (CMS). Effective January 1, 2006, the Company began providing coverage as a MAPD SNP provider pursuant to its contract with CMS. The contract allows the Company to offer Medicare and Part D drug benefit coverage for new and existing dual-eligible members. Dual-eligible members are those who are eligible for Medicare and Medicaid. The contract requires the Company to arrange for healthcare services for its enrollees in exchange for fixed monthly premiums, based on risk adjusted per capita rates from CMS.

The contract with CMS, which covers enrollees in Apache, Coconino, Gila, Maricopa, Mohave, Navajo, Pinal, and Yavapai counties, has been renewed through December 31, 2024, and includes successive one-year renewal options at the discretion of CMS. The contract is terminable by CMS without cause on 90 days' written notice, or for cause upon written notice if the Company fails to comply with any term or condition of the contract or fails to take corrective action as required to comply with the terms of the contract.

#### **2. Summary of Significant Accounting Policies**

##### **Basis of Presentation and Use of Estimates**

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates and are accounted for in the period identified.

##### **Cash and Cash Equivalents**

Cash and cash equivalents consist primarily of cash balances on hand and deposited in financial institutions and are all highly liquid investments with a maturity of three months or less when purchased.

## Health Choice Arizona, Inc.

### Notes to Combined Financial Statements (continued)

#### **2. Summary of Significant Accounting Policies (continued)**

##### **Investments**

The fixed income portfolio is invested primarily in corporate bonds, asset backed securities, municipal bonds, and mortgage-backed securities. Interest on fixed income securities is recognized in investment income on an accrual basis. Fixed income securities are classified as either trading or available-for-sale. For fixed income securities classified as trading, unrealized gains and losses are recorded in investment income within net income. For fixed income securities classified as available-for-sale, unrealized gains and losses are recorded as a component of other comprehensive income. Realized gains and losses on fixed-income securities are recognized in investment income.

##### **Pharmacy Rebate Receivables**

The Company receives rebates from pharmaceutical companies based on the volume of drugs purchased. The Company records a receivable and a reduction of pharmacy expense for estimated rebates due based on purchase information. Pharmacy rebate receivables were \$6 million as of September 30, 2023 and 2022, and \$17 million and \$13 million was recognized as a reduction of pharmacy expense during the years ended September 30, 2023 and 2022, respectively.

##### **Note Receivable**

On December 31, 2019, BCBSAZ executed and delivered a Promissory Note as a contribution to capital and to meet Arizona's administrative rules and certain capital requirements and standards established by AHCCCS pursuant to ACOM 305. As of September 30, 2023 and 2022, the Company has a note receivable from BCBSAZ of \$97 million and \$142 million, respectively recorded on the accompanying balance sheets. Interest was accrued at the rate of 4.08% and 1.08% in 2023 and 2022, respectively. Payments of principal and accrued interest will be due and payable after the occurrence of a payment event, as defined in the Promissory Note, which includes a provision that the Company can draw upon the note receivable to meet its reasonable actual or expected financial needs.

Subsequent to September 30, 2023, the Company requested approval from AHCCCS to distribute equity in the amount of \$50 million to BCBSAZ in November 2023. AHCCCS approved this equity distribution in December 2023.

## Health Choice Arizona, Inc.

### Notes to Combined Financial Statements (continued)

#### **2. Summary of Significant Accounting Policies (continued)**

##### **Due to Affiliates, Net**

Due to affiliates, net of amounts due from affiliates, primarily represents the amount owed to the Management Company. The Management Company pays administrative expenses on behalf of the Company. Due to affiliates, net was \$46 million and \$38 million as of September 30, 2023 and 2022, respectively.

##### **Goodwill**

Pursuant to accounting guidance related to goodwill and other intangible assets, goodwill is not amortized but is subject to annual impairment reviews or more often if events or circumstances indicate it may be impaired. An impairment loss is recorded to the extent that the carrying amount of goodwill exceeds its implied fair value. The Company has completed its annual review of indicators of impairment for the 2023 and 2022 fiscal year, which resulted in no impairment.

##### **Revenue Recognition**

Capitation premiums are recognized as revenue in the month that members of the Company are entitled to healthcare services. The Company is required to provide all covered healthcare services to members, regardless of the cost of care. If there are funds remaining, the Company retains the funds as profit; if the costs are higher than the amount of capitation payments, the Company absorbs the loss.

Certain provisions of the ACC contract include a risk band, whereby the Company and AHCCCS share in the profits and losses of the contract, as defined in the contract (reconciliation revenue). Under the ACC contract, AHCCCS limits the profit that the Company may recognize at 4.0% and losses are capped at 2.0%.

HCP capitation premiums are subject to an episodic/diagnostic risk factor adjustment. The Company estimates and records CMS settlement amounts and adjusts to actual amounts when the adjustment settlements are either received from CMS or the Company receives notification from CMS of such settlement amounts.

As a result of the variability of factors that determine such estimations, the actual amount of the CMS retroactive risk premium settlement adjustments could be materially more or less than the Company's estimates. The Company's risk adjustment payments are subject to review and audit

## Health Choice Arizona, Inc.

### Notes to Combined Financial Statements (continued)

#### **2. Summary of Significant Accounting Policies (continued)**

by CMS, which can take several years to resolve completely. Any adjustment to premium revenue as a result of such review and audit is recorded when estimable. There can be no assurance that any retroactive adjustment to previously recorded revenue will not have a material effect on future results of operations.

Delivery supplemental premiums are payments received per newborn delivery under the ACC contract and are intended by AHCCCS to cover the cost of maternity care for qualified pregnant women. Such premiums are billed and recognized in the month that delivery occurs.

Total capitation premiums of \$1,271 million and \$1,368 million and delivery supplemental premiums of \$27 million and \$25 million were recognized during the years ended September 30, 2023 and 2022, respectively.

Under the RBHA contract, revenue from grants and contracts with funding agencies other than AHCCCS was recognized as revenue when contracted services were provided or when eligible costs were incurred. A receivable was recognized to the extent that grant and contract revenue earned exceeded cash advances. Funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by the Company with the terms of the contracts. Other grants and contracts revenue was \$4 million and \$29 million during the years ended September 30, 2023 and 2022, respectively.

#### **Medical Expenses**

Monthly capitation payments to primary care physicians and other healthcare providers are expensed in the month services are contracted to be performed. Amounts payable under these arrangements are included in the payable to provider liability. Medical expenses for non-capitated arrangements are accrued as services are rendered by hospitals, physicians and other healthcare providers during the year. Medical expense includes primary care and specialty physician services, as well as hospital inpatient, outpatient, and other ancillary services, such as radiology and lab. Medical expense is presented net of Third Party Liability (TPL) recoveries received.

TPL recoveries are payments received from a third party, such as an individual, entity, or program that is, or may be, liable to pay for any medical services provided to an AHCCCS member. AHCCCS is the payer of last resort when there is no other liable party. TPL recoveries are included as a reduction of medical expenses in the accompanying statements of operations.

## Health Choice Arizona, Inc.

### Notes to Combined Financial Statements (continued)

#### **2. Summary of Significant Accounting Policies (continued)**

Medical claims payable includes claims received but not paid and an estimate of claims incurred but not reported. Incurred but not reported claims are estimated using a combination of historical claims experience (including severity and payment lag time) and other actuarial analysis, including number of enrollees, age of enrollees, and certain enrollee health indicators to predict the cost of healthcare services provided to enrollees during any given period. While management believes that its estimation methodology effectively captures trends in medical claims costs, actual payments could differ significantly from estimates, given changes in the healthcare cost structure or adverse experience.

#### **Reinsurance Recoveries**

The Company recognizes reinsurance recoveries related to the ACC and RBHA contracts when healthcare costs exceed stated amounts as provided under the AHCCCS contract, including estimates of such costs at the end of each accounting period. Contractually, the Company is reimbursed by AHCCCS at a rate ranging from 75% to 100% for qualified healthcare costs for those members that exceed stated amounts of up to \$75,000, depending on the case type of the member. Qualified costs must be incurred during the contract year and are the lesser of the amount paid by the Company or the AHCCCS fee schedule.

The Company subcontracts with a third-party reinsurance provider to cover non-drug healthcare costs that exceed stated amounts at a rate of 90% of qualified costs related to HCP members. Qualified costs must be incurred during the contract year, but costs incurred during the last month of the year may be carried forward to meet the following year's deductible if those costs were not already applied to a reinsurance case. Reinsurance is recognized under the contract with the reinsurer when healthcare costs exceed stated amounts as provided under the contract, including estimates of such costs at the end of each accounting period.

In the event that the reinsurer is unable to honor its reinsurance commitment, the Company may be responsible for excess costs incurred.

#### **Due From CMS, Net**

The Company receives Part D low income premium subsidy payments per member per month from CMS to cover beneficiary premiums that are not paid by qualifying low-income HCP enrollees. Such payments are recognized in the month that members are entitled to prescription drug coverage and are reported in capitation premiums in the accompanying statements of operations.

## Health Choice Arizona, Inc.

### Notes to Combined Financial Statements (continued)

#### **2. Summary of Significant Accounting Policies (continued)**

The Company receives Part D low income cost-sharing subsidy (LICS) payments per member per month from CMS to cover beneficiary cost sharing and deductible amounts that are not paid by qualifying low income HCP enrollees. The Company administers and pays the subsidized portion of the claims on behalf of CMS, and a settlement payment is made between CMS and the Company based on actual claims experience, subsequent to the end of the contract year. The Company is fully reimbursed by CMS for this contract element and, accordingly, there is no insurance risk to the Company. Amounts received for these subsidies are not reflected as premium revenue, but rather recognized as a reduction of medical expenses in the accompanying statements of operations. As of September 30, 2023 and 2022, a payable in the amount of approximately \$0.5 million and \$0.2 million, respectively, was recorded in due from CMS, net in the accompanying balance sheets. Part D LICS subsidies from CMS totaling approximately \$19 million and \$18 million were recognized during the years ended September 30, 2023 and 2022, respectively, and are included as a reduction of medical expenses in the accompanying statements of operations.

The Company receives Part D reinsurance payments per member per month to cover CMS's obligation to pay approximately 80% of the costs incurred by individual HCP members in excess of the individual annual out-of-pocket maximum. A settlement is made between CMS and the Company based on actual claims experience, subsequent to the end of the contract year. The Company is fully reimbursed by CMS for this contract element and, accordingly, there is no risk to the Company. Amounts received for these subsidies are not reflected as premium revenue, but rather recognized as a reduction of medical expenses in the accompanying statements of operations. Part D reinsurance recoveries from CMS totaling approximately \$15 million and \$16 million were recognized during the years ended September 30, 2023 and 2022, respectively, and are included as a reduction of medical expenses in the accompanying statements of operations. As of September 30, 2023 and 2022, a payable in the amount of approximately \$3 million and a receivable of \$1 million was recorded in due from CMS, net in the accompanying balance sheets.

After the conclusion of the contract year and the finalization of capitation and subsidy payment amounts, CMS will complete a final risk corridor reconciliation that limits profit or loss on Part D revenue. The risk corridor is designed to limit exposure to unexpected expenses not already included in the reinsurance subsidy or taken into account through risk adjusted rates. Profits or losses that differ by more than 5% from the targeted amount will be repaid or recouped according to stated percentages. Accordingly, as of September 30, 2023 and 2022, a settlement balance is recorded in the accompanying balance sheet in due from CMS of approximately \$6 million and \$5 million, respectively, to reflect the estimated amount of the Part D risk settlement.

## Health Choice Arizona, Inc.

### Notes to Combined Financial Statements (continued)

#### **2. Summary of Significant Accounting Policies (continued)**

##### **Administrative Expenses**

The primary components of administrative expenses are management fees and other miscellaneous expenses.

##### **Other Non-Operating Expenses**

NARBHA receives 48% of the pre-tax profit related to the RBHA contract pursuant to an agreement between the Company and NARBHA and is recorded as non-operating expenses in the accompanying statements of operations.

##### **Income and Premium Taxes**

Taxes are allocated to the Company from the Parent pursuant to the asset and liability method, based on the amount for which the Company would have been liable if it were a separate taxpayer. The effect on deferred taxes of a change in tax rates is recognized in the statements of operations during the period in which the tax rate change becomes law.

The ACC and RBHA contracts are subject to a 2% premium tax on Title XIX and Title XXI payments received from AHCCCS. Total premium tax expense for the years ended September 30, 2023 and 2022, was approximately \$24 million and \$28 million, respectively.

##### **Fair Value Measurements**

Fair value is defined as an exit price representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the Company utilizes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

*Level 1.* Pricing inputs into the determination of fair value are generally observable inputs, such as quoted prices in active markets. Financial assets in Level 1 include money market funds.

## Health Choice Arizona, Inc.

### Notes to Combined Financial Statements (continued)

#### 2. Summary of Significant Accounting Policies (continued)

*Level 2.* Pricing inputs are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Financial assets in Level 2 include corporate bonds and U.S. government obligations.

*Level 3.* Pricing inputs are generally unobservable and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require management's judgment or estimation of assumptions that market participants would use in pricing the assets or liabilities. The fair values are, therefore, determined using factors that involve considerable judgment and interpretations, including, but not limited to, private and public comparable, third-party appraisals, discounted cash flow models, and fund manager estimates.

Assets and liabilities measured at fair value are based on one or more of the following three valuation techniques:

- (a) *Market approach.* Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- (b) *Cost approach.* Amount that would be required to replace the service capacity of an asset or liability (replacement cost).
- (c) *Income approach.* Techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option pricing, and excess earnings models).

Health Choice Arizona, Inc.

Notes to Combined Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

The following tables provide information as of September 30 about the fair value of the Company's cash equivalents and investments:

|   | <b>2023</b>        |                      |                |                      |
|---|--------------------|----------------------|----------------|----------------------|
|   | <b>Level 1</b>     | <b>Level 2</b>       | <b>Level 3</b> | <b>Total</b>         |
| <b>Cash equivalents:</b>                            |                    |                      |                |                      |
| Money market funds                                  | \$ 160,753,667     | \$ –                 | \$ –           | \$ 160,753,667       |
| U.S. treasury bills                                 | –                  | 23,542,180           | –              | 23,542,180           |
| Commercial paper                                    | 13,964,863         | –                    | –              | 13,964,863           |
|   | <b>174,718,530</b> | <b>23,542,180</b>    | <b>–</b>       | <b>198,260,710</b>   |
| <b>Investments:</b>                                 |                    |                      |                |                      |
| Corporate bonds                                     | –                  | 22,322,800           | –              | 22,322,800           |
| Asset backed securities                             | –                  | 31,913,270           | –              | 31,913,270           |
| Government-issued<br>commercial mortgage-<br>backed | –                  | 3,003,118            | –              | 3,003,118            |
| Municipal/provincial bonds                          | –                  | 8,086,090            | –              | 8,086,090            |
|   | <b>\$ –</b>        | <b>\$ 65,325,278</b> | <b>\$ –</b>    | <b>\$ 65,325,278</b> |

|   | <b>2022</b>       |                      |                |                      |
|---|-------------------|----------------------|----------------|----------------------|
|   | <b>Level 1</b>    | <b>Level 2</b>       | <b>Level 3</b> | <b>Total</b>         |
| <b>Cash equivalents:</b>                            |                   |                      |                |                      |
| Money market funds                                  | \$ 55,000,000     | \$ –                 | \$ –           | \$ 55,000,000        |
| U.S. treasury bills                                 | –                 | 11,138,730           | –              | 11,138,730           |
| Commercial paper                                    | –                 | 7,146,383            | –              | 7,146,383            |
|   | <b>55,000,000</b> | <b>18,285,113</b>    | <b>–</b>       | <b>73,285,113</b>    |
| <b>Investments:</b>                                 |                   |                      |                |                      |
| Corporate bonds                                     | –                 | 14,135,510           | –              | 14,135,510           |
| Asset backed securities                             | –                 | 12,750,019           | –              | 12,750,019           |
| Government-issued<br>commercial mortgage-<br>backed | –                 | 479,861              | –              | 479,861              |
| Municipal/provincial bonds                          | –                 | 3,014,838            | –              | 3,014,838            |
|   | <b>\$ –</b>       | <b>\$ 30,380,228</b> | <b>\$ –</b>    | <b>\$ 30,380,228</b> |

Health Choice Arizona, Inc.

Notes to Combined Financial Statements (continued)

**2. Summary of Significant Accounting Policies (continued)**

The following tables summarizes the Company's investments as of September 30, 2023 and 2022.

|   | <b>2023</b>                           |                                       |  |                      |
|---|---------------------------------------|---------------------------------------|--|----------------------|
|   | <b>Cost or<br/>Amortized<br/>Cost</b> | <b>Gross<br/>Unrealized<br/>Gains</b> | <b>Gross<br/>Unrealized<br/>Losses</b> | <b>Fair Value</b>    |
| Investments:  |                                       |                                       |  |                      |
| Corporate bonds                                     | \$ 22,356,853                         | \$ 15,963                             | \$ (50,016)                            | \$ 22,322,800        |
| Asset backed securities                             | 31,910,048                            | 59,132                                | (55,910)                               | 31,913,270           |
| Government-issued<br>commercial mortgage-<br>backed | 3,000,044                             | 3,074                                 | –                                      | 3,003,118            |
| Municipal/provincial bonds                          | 8,100,000                             | 883                                   | (14,793)                               | 8,086,090            |
|   | <b>\$ 65,366,945</b>                  | <b>\$ 75,052</b>                      | <b>\$ (120,719)</b>                    | <b>\$ 65,325,278</b> |
|   |                                       |                                       |  |                      |
|   | <b>2022</b>                           |                                       |  |                      |
|   | <b>Cost or<br/>Amortized<br/>Cost</b> | <b>Gross<br/>Unrealized<br/>Gains</b> | <b>Gross<br/>Unrealized<br/>Losses</b> | <b>Fair Value</b>    |
| Investments:  |                                       |                                       |  |                      |
| Corporate bonds                                     | \$ 14,245,071                         | \$ –                                  | \$ (109,561)                           | \$ 14,135,510        |
| Asset backed securities                             | 12,811,945                            | –                                     | (61,926)                               | 12,750,019           |
| Government-issued<br>commercial mortgage-<br>backed | 483,306                               | –                                     | (3,445)                                | 479,861              |
| Municipal/provincial bonds                          | 3,014,838                             | –                                     | –                                      | 3,014,838            |
|   | <b>\$ 30,555,160</b>                  | <b>\$ –</b>                           | <b>\$ (174,932)</b>                    | <b>\$ 30,380,228</b> |

## Health Choice Arizona, Inc.

### Notes to Combined Financial Statements (continued)

#### 2. Summary of Significant Accounting Policies (continued)

The contractual maturities of the Company's investments as of September 30, 2023, are summarized below.

|  | <b>Amortized<br/>Cost</b> | <b>Fair Value</b>    |
|--|---------------------------|----------------------|
| Due in one year or less                | \$ 25,462,307             | \$ 25,465,300        |
| Due after one year through five years  | 39,612,543                | 39,572,946           |
| Due after five years through ten years | 292,095                   | 287,032              |
| Due after ten years                    | —                         | —                    |
| <b>Total</b>                           | <b>\$ 65,366,945</b>      | <b>\$ 65,325,278</b> |

Gross realized gains and losses from sales of available-for-sale securities are calculated under the specific identification method and are included in investment income.

The Company has determined that unrealized losses as of September 30, 2023, primarily resulted from fluctuating interest rates, rather than a deterioration of the credit worthiness of the issuers. Therefore, the Company determined that an allowance for credit losses was not needed. So long as the Company maintains the intent and ability to hold these securities, it is unlikely to experience losses. In the event that the Company disposes of these securities before maturity, realized losses, if any, are expected to be immaterial.

The following table summarizes those available-for-sale investments that have been in a continuous loss position for less than 12 months, and those that have been in a continuous loss position for 12 months or more as of September 30, 2023. There were no available-for-sale investments as of September 30, 2022.

|  | <b>In a Continuous Loss Position for Less than<br/>12 Months as of September 30, 2023</b> |                              |                                      | <b>In a Continuous Loss Position for More<br/>than 12 Months as of September 30, 2023</b> |                              |                                      |
|--|---|------------------------------|--------------------------------------|---|------------------------------|--------------------------------------|
|  | <b>Fair Value</b>   | <b>Unrealized<br/>Losses</b> | <b>Total Number<br/>of Positions</b> | <b>Fair Value</b>   | <b>Unrealized<br/>Losses</b> | <b>Total Number<br/>of Positions</b> |
|  | Investments:  |                              |                                      |   |                              |                                      |
| Corporate bonds                                  | \$ 19,827,815   | \$ (40,835)                  | 35                                   | \$ —  | \$ —                         | —                                    |
| Asset backed securities                          | 29,471,009  | (41,503)                     | 44                                   | —   | —                            | —                                    |
| Government-issued commercial mortgage-<br>backed | 3,003,119   | —                            | —                                    | —   | —                            | —                                    |
| Municipal/provincial bonds                       | 8,089,090   | (14,793)                     | 9                                    | —   | —                            | —                                    |
| <b>Total</b>                                     | <b>\$ 60,391,033</b>  | <b>\$ (97,131)</b>           | <b>88</b>                            | <b>\$ —</b>   | <b>\$ —</b>                  | <b>—</b>                             |

## Health Choice Arizona, Inc.

### Notes to Combined Financial Statements (continued)

#### **2. Summary of Significant Accounting Policies (continued)**

##### **New Accounting Pronouncements**

In June 2016, the Financial Accounting Standards Board (the FASB) issued Accounting Standards Update (ASU) ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which will change how entities account for credit losses for most financial assets, trade receivables, and reinsurance receivables. The standard will replace the existing incurred loss impairment model with a new current expected credit loss model that generally will result in earlier recognition of credit losses. The standard will apply to financial assets subject to credit losses, including loans measured at amortized cost, reinsurance receivables, and certain off-balance sheet credit exposures. ASU 2016-13 is effective for the Company for annual periods beginning after December 15, 2022, with early adoption permitted for annual periods beginning after December 15, 2018. The Company does not expect the adoption of this standard to have any material impact on its financial statements or disclosures.

In January 2017, the FASB issued ASU 2017-04, *Intangible Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment*, which removes the second step of the goodwill impairment test that requires a hypothetical purchase price allocation. A goodwill impairment will now be the amount by which a reporting unit's carrying value exceeds its fair value, not to exceed the carrying amount of goodwill. ASU 2017-04 is effective for the Company for annual periods beginning after December 15, 2021, and will be applied prospectively. The Company adopted this standard on October 1, 2022. The adoption of this standard did not result in a material impact on its financial statements or disclosures.

##### **Subsequent Events Consideration**

The Company evaluated events and transactions occurring subsequent to September 30, 2023 through May 30, 2024, the date these financial statements were available to be issued. During this period, there are no subsequent events except disclosed in Note 2 to the financial statements.

## Health Choice Arizona, Inc.

### Notes to Combined Financial Statements (continued)

#### 3. Transactions With Affiliates

The Company is party to a management agreement with the Health Choice Management Company (Management Company), a wholly owned subsidiary of Veritage, which manages the general and administrative functions related to the Company inclusive of payroll, facility and equipment leases, and related expenses. The fee is charged based on AHCCCS established administration rates included in the capitation payment for ACC and the administration rate included in the capitation payment for services provided under contract with CMS for HCP. During the years ended September 30, 2023 and 2022, the Company recorded expenses of approximately \$116 million and \$117 million, respectively, for services provided by the Management Company, which are included in administrative expenses in the accompanying statements of operations, respectively.

#### 4. Due From/to AHCCCS

The Company's contracts with AHCCCS require recurring settlements between the Company and AHCCCS.

The amounts due from AHCCCS are as follows:

|                                | ACC           | RBHA         | Total         |
|--------------------------------|---------------|--------------|---------------|
| <b>September 30, 2023</b>      |               |              |               |
| Reinsurance receivable         | \$ 24,002,182 | \$ –         | \$ 24,002,182 |
| Value-based payment receivable | 15,233,007    | 804,964      | 16,037,971    |
| Capitation receivable          | 275,439       | –            | 275,439       |
| Delivery supplement receivable | 510,200       | –            | 510,200       |
| APSI/COVID recon receivable    | 675,068       | –            | 675,068       |
| Non-TXIX receivable            | –             | 210,040      | 210,040       |
|                                | \$ 40,695,896 | \$ 1,015,004 | \$ 41,710,900 |
| <br>                           |               |              |               |
|                                | ACC           | RBHA         | Total         |
| <b>September 30, 2022</b>      |               |              |               |
| Reinsurance receivable         | \$ 12,987,159 | \$ –         | \$ 12,987,159 |
| Value-based payment receivable | 14,152,046    | 1,457,193    | 15,609,239    |
| Capitation receivable          | 78,438        | 375,353      | 453,791       |
| Delivery supplement receivable | 430,474       | –            | 430,474       |
| APSI/COVID recon receivable    | 2,455,419     | –            | 2,455,419     |
| Non-TXIX receivable            | –             | 1,074,572    | 1,074,572     |
|                                | \$ 30,103,536 | \$ 2,907,118 | \$ 33,010,654 |

Health Choice Arizona, Inc.

Notes to Combined Financial Statements (continued)

**4. Due From/to AHCCCS (continued)**

The amounts due to AHCCCS are as follows:

|  | <u>ACC</u>            |    | <u>RBHA</u> |    | <u>Total</u>          |
|--|-----------------------|----|-------------|----|-----------------------|
| <b>September 30, 2023</b>                      |                       |    |             |    |                       |
| Risk reconciliation                            | \$ 105,095,529        | \$ | –           | \$ | \$ 105,095,529        |
| Fixed administration expense<br>reconciliation | 885,510               |    | –           |    | 885,510               |
| Quality distribution                           | 4,461,083             |    | –           |    | 4,461,083             |
|  | <u>\$ 110,142,122</u> | \$ | <u>–</u>    | \$ | <u>\$ 110,142,122</u> |
|  |                       |    |             |    |                       |
|  | <u>ACC</u>            |    | <u>RBHA</u> |    | <u>Total</u>          |
| <b>September 30, 2022</b>                      |                       |    |             |    |                       |
| Risk reconciliation                            | \$ 70,525,018         | \$ | –           | \$ | \$ 70,525,018         |
| Fixed administration expense<br>reconciliation | 2,421,310             |    | –           |    | 2,421,310             |
| Quality distribution                           | 8,095,882             |    | –           |    | 8,095,882             |
|  | <u>\$ 81,042,210</u>  | \$ | <u>–</u>    | \$ | <u>\$ 81,042,210</u>  |

**5. Due From CMS, Net**

The Company's contract with CMS requires recurring settlements between the Company and CMS. The amounts due from CMS as of September 30 are as follows:

|                                       | <u>2023</u>         |    | <u>2022</u>      |
|---------------------------------------|---------------------|----|------------------|
| Capitation receivable                 | \$ 1,910,168        | \$ | 1,643,290        |
| Part D reinsurance receivable         | (3,311,558)         |    | 1,273,055        |
| Part D cost share receivable          | (456,116)           |    | (189,082)        |
| Part D risk reconciliation receivable | 5,704,119           |    | 7,223,200        |
|                                       | <u>\$ 3,846,613</u> | \$ | <u>9,950,463</u> |

Health Choice Arizona, Inc.

Notes to Combined Financial Statements (continued)

**6. Liability for Medical Claims**

Activity in the liability for medical claims payable for the years ended September 30, 2023 and 2022, is as follows:

|                               |                               |
|-------------------------------|-------------------------------|
| Balance at October 1, 2021    | \$ 99,526,000                 |
| Incurred related to:          |                               |
| Current year                  | 1,072,569,199                 |
| Prior years                   | 613,264                       |
| Total incurred                | <u>1,073,182,463</u>          |
| Paid related to:              |                               |
| Current year                  | (956,433,529)                 |
| Prior years                   | (97,867,245)                  |
| Total paid                    | <u>(1,054,300,774)</u>        |
| Balance at September 30, 2022 | 118,407,689                   |
| Incurred related to:          |                               |
| Current year                  | <b>1,020,660,491</b>          |
| Prior years                   | <b>(10,349,835)</b>           |
| Total incurred                | <u><b>1,010,310,656</b></u>   |
| Paid related to:              |                               |
| Current year                  | <b>(911,009,948)</b>          |
| Prior years                   | <b>(105,716,199)</b>          |
| Total paid                    | <u><b>(1,016,726,147)</b></u> |
| Balance at September 30, 2023 | <u><b>\$ 111,992,198</b></u>  |

During the years ended September 30, 2023 and 2022, the Company recognized a favorable development in medical claims expense of approximately \$10.3 million and unfavorable development of approximately \$0.6 million in prior periods, respectively. The change in medical claims expense is the result of ongoing analysis of loss development trends. Such adjustments are included in medical expenses in the accompanying statements of operations. Original estimates increased or decreased as additional information became known regarding individual claims.

Health Choice Arizona, Inc.

Notes to Combined Financial Statements (continued)

**7. Income Taxes**

The provision for income taxes consists of the following:

|                          | <b>September 30</b>  |                      |
|--------------------------|----------------------|----------------------|
|                          | <b>2023</b>          | <b>2022</b>          |
| Current Federal          | \$ 7,992,122         | \$ 5,180,726         |
| Deferred Federal         | 8,184,782            | 7,428,252            |
| Total income tax expense | <u>\$ 16,176,904</u> | <u>\$ 12,608,978</u> |

The Company's deferred tax assets and liabilities are as follows:

|                          | <b>September 30</b>  |                       |
|--------------------------|----------------------|-----------------------|
|                          | <b>2023</b>          | <b>2022</b>           |
| Deferred tax assets      | \$ 92,822,542        | \$ 101,007,324        |
| Deferred tax liabilities | -                    | -                     |
| Net deferred tax assets  | <u>\$ 92,822,542</u> | <u>\$ 101,007,324</u> |

For the year ended September 30, 2023, \$91,789,059 of the deferred tax assets (DTAs) is related to a tax intangible asset resulting from an IRC Section 338(h)(10) election made by the Company at the time it was acquired by Veritage. The remainder of the DTAs are related primarily to discounted medical claims payable. There were no deferred tax liabilities as of September 30, 2023.

The statute of limitations for assessment by the Internal Revenue Service and state tax authorities is open for the tax years ended December 31, 2020, and subsequent years. The Company is not subject to state income taxes as it pays premium taxes on its premium revenue. The Company records interest and penalties as a component of income tax expense. No interest or penalties were recorded for the year ended September 30, 2023.

## Health Choice Arizona, Inc.

### Notes to Combined Financial Statements (continued)

#### **8. Commitments and Contingencies**

##### **Professional, General, and Other Liability Insurance**

The Company is subject to claims, lawsuits, regulatory audits, and other legal matters arising, for the most part, in the ordinary course of managing a health services business. The Company's contracts with AHCCCS requires the Company to maintain professional liability insurance, comprehensive general insurance, and automobile liability insurance coverage of at least \$1 million for each occurrence. During the years ended September 30, 2023 and 2022, the Company was covered under BCBSAZ's umbrella policy. BCBSAZ, on behalf of the Company, carries professional and general liability insurance in excess of self-insured retentions through an unrelated commercial insurance carrier in amounts that it believes to be sufficient for the Company, although some claims may exceed the scope of coverage in effect. BCBSAZ maintains reserves for professional and general liability claims.

Accordingly, no reserves for liability risks are recorded in the accompanying balance sheet. Professional and general liability insurance expense is included in the management fee charged by the Management Company for the years ended September 30, 2023 and 2022, which is included in administrative expenses in the accompanying statements of operations.

The Company is currently not a party to any such proceedings that, in the Company's opinion, would have a material adverse effect on the Company's financial condition, business or results of operations.

##### **Performance Guarantee**

If the Company fails to effectively manage healthcare costs, these costs may exceed the premiums received by the Company. The Company believes the capitated premiums, together with reinsurance and other supplemental premiums, are sufficient to pay for the services the Company is obligated to deliver. Pursuant to its contract with AHCCCS, the Company is required annually to provide a performance bond, in an acceptable form, to guarantee performance of the Company's obligations under its contract to provide and pay for the healthcare services. The amount of the performance guarantee that AHCCCS requires is generally based upon the membership in the Company and the related capitation paid to the Company. As of September 30, 2023 and 2022, the Company provided a performance bond in the form of surety bonds for the benefit of AHCCCS, totaling approximately \$129 million and \$119 million, respectively.

## Health Choice Arizona, Inc.

### Notes to Combined Financial Statements (continued)

#### **8. Commitments and Contingencies (continued)**

##### **State and Federal Laws and Regulations**

The Company is subject to state and federal laws and regulations. The CMS and AHCCCS have the right to audit the Company to determine the Company's compliance with such standards. The Company is required to file periodic reports with AHCCCS and to meet certain financial viability standards. The Company must also provide its enrollees with certain mandated benefits and must meet certain quality assurance and improvement requirements. The Company believes it is in compliance with these CMS and AHCCCS requirements. The Company must also comply with the electronic transactions regulations and privacy standards of the Health Insurance Portability and Accountability Act (HIPAA). The Company believes it is in compliance with the HIPAA security standards as set forth in 45 CFR Part 164. The Company has also complied with the requirements for health plans, as defined in 45 CFR Part 162.

##### **Community Reinvestment program**

The company approved a Community Reinvestment program, as described in their contract with AHCCCS. Under the program, the Company will place a minimum of 6% of its after tax profits into the program. For the year ended September 30, 2023 and 2022, the Company had met or exceeded that amount. The program funds community projects that enhance the lives of people in the communities in the Company's geographic service areas.

#### **9. Concentration of Credit Risk**

The Company currently holds an ACC contract to provide services through September 30, 2025, with AHCCCS. The HCP contract is renewed annually by CMS and has been renewed through December 31, 2024.

# Supplementary Information

# Health Choice Arizona, Inc.

## Supplemental Detailed Balance Sheet

Year Ended September 30, 2023

|                                       | ACC                   | RBHA                 | HCP                  | Corporate<br>and Other | HCA, Inc.             |
|---------------------------------------|-----------------------|----------------------|----------------------|------------------------|-----------------------|
| <b>Assets</b>                         |                       |                      |                      |                        |                       |
| Current assets:                       |                       |                      |                      |                        |                       |
| Cash and cash equivalents             | \$ 291,704,452        | \$ –                 | \$ (1,527,030)       | \$ –                   | \$ 290,177,422        |
| Investment                            | 65,325,278            | –                    | –                    | –                      | 65,325,278            |
| Pharmacy rebate receivables           | 991,356               | –                    | 5,162,966            | –                      | 6,154,322             |
| Private reinsurance receivables       | –                     | –                    | 42,369               | –                      | 42,369                |
| Due from AHCCCS                       | 40,695,896            | 1,015,004            | –                    | –                      | 41,710,900            |
| Due from CMS, net                     | –                     | –                    | 3,846,613            | –                      | 3,846,613             |
| Note receivable from BCBSAZ           | 84,896,027            | 12,108,271           | 453,174              | –                      | 97,457,472            |
| Other current assets, net             | 29,672,875            | –                    | 1,910,538            | –                      | 31,583,413            |
| <b>Total current assets</b>           | <b>513,285,884</b>    | <b>13,123,275</b>    | <b>9,888,630</b>     | <b>–</b>               | <b>536,297,789</b>    |
| Goodwill                              | 5,756,914             | –                    | –                    | –                      | 5,756,914             |
| Net deferred tax assets               | 335,906               | 1,126                | 685,951              | 91,799,559             | 92,822,542            |
| <b>Total assets</b>                   | <b>\$ 519,378,704</b> | <b>\$ 13,124,401</b> | <b>\$ 10,574,581</b> | <b>\$ 91,799,559</b>   | <b>\$ 634,877,245</b> |
| <b>Liabilities and equity</b>         |                       |                      |                      |                        |                       |
| Current liabilities:                  |                       |                      |                      |                        |                       |
| Accounts payable and accrued expenses | \$ 1,407,218          | \$ 69,404            | \$ 121,603           | \$ –                   | \$ 1,598,225          |
| Medical claims payable                | 96,596,427            | 69,118               | 15,326,653           | –                      | 111,992,198           |
| Due to affiliates, net                | 106,848,400           | (244,247)            | (44,256,364)         | (16,568,054)           | 45,779,735            |
| Due to AHCCCS                         | 110,142,122           | –                    | –                    | –                      | 110,142,122           |
| Payable to providers                  | 45,694,716            | 718,272              | 1,713,794            | –                      | 48,126,782            |
| Deferred revenue                      | –                     | –                    | 15,209,706           | 250,000                | 15,459,706            |
| Federal taxes payable                 | 19,140,522            | 360,041              | 4,593,040            | (14,267,799)           | 9,825,804             |
| <b>Total liabilities</b>              | <b>379,829,405</b>    | <b>972,588</b>       | <b>(7,291,568)</b>   | <b>(30,585,853)</b>    | <b>342,924,572</b>    |
| Equity:                               |                       |                      |                      |                        |                       |
| Retained earnings                     | 139,568,871           | 12,151,813           | 17,866,149           | 122,385,412            | 291,972,245           |
| Accumulated other comprehensive loss  | (19,572)              | –                    | –                    | –                      | (19,572)              |
| <b>Total equity</b>                   | <b>139,549,299</b>    | <b>12,151,813</b>    | <b>17,866,149</b>    | <b>122,385,412</b>     | <b>291,952,673</b>    |
| <b>Total liabilities and equity</b>   | <b>\$ 519,378,704</b> | <b>\$ 13,124,401</b> | <b>\$ 10,574,581</b> | <b>\$ 91,799,559</b>   | <b>\$ 634,877,245</b> |

Health Choice Arizona, Inc.

Supplemental Detailed Statement of Operations and Comprehensive Income

Year Ended September 30, 2023

|   | ACC              | RBHA         | HCP            | Corporate<br>and Other | HCA, Inc.        |
|---|------------------|--------------|----------------|------------------------|------------------|
| Revenue:                                      |                  |              |                |                        |                  |
| Capitation premiums                           | \$ 1,121,691,692 | \$ (113,063) | \$ 148,918,195 | \$ 750,000             | \$ 1,271,246,824 |
| Delivery supplemental premiums                | 26,697,747       | –            | –              | –                      | 26,697,747       |
| Other grants and contracts revenue            | –                | 3,676,694    | –              | –                      | 3,676,694        |
| Total revenue                                 | 1,148,389,439    | 3,563,631    | 148,918,195    | 750,000                | 1,301,621,265    |
| Expenses:                                     |                  |              |                |                        |                  |
| Medical expenses                              | 973,958,080      | 3,308,271    | 115,428,988    | 694,445                | 1,093,389,784    |
| Administrative expenses                       | 99,242,586       | 286,642      | 19,037,931     | 55,555                 | 118,622,714      |
| Premium tax expense                           | 23,648,688       | (3,481)      | –              | –                      | 23,645,207       |
| Total expenses                                | 1,096,849,354    | 3,591,432    | 134,466,919    | 750,000                | 1,235,657,705    |
| Operating income                              | 51,540,085       | (27,801)     | 14,451,276     | –                      | 65,963,560       |
| Non-operating income (expense):               |                  |              |                |                        |                  |
| Interest income                               | 4,809,466        | 507,617      | 83,312         | –                      | 5,400,395        |
| Investment income                             | 8,824,542        | –            | –              | –                      | 8,824,542        |
| Community reinvestment expense                | (3,126,275)      | (13,249)     | –              | –                      | (3,139,524)      |
| Other non-operating expenses                  | –                | (203,874)    | –              | –                      | (203,874)        |
| Income before income taxes                    | 62,047,818       | 262,693      | 14,534,588     | –                      | 76,845,099       |
| Income tax expense                            | 13,069,521       | 55,120       | 3,052,263      | –                      | 16,176,904       |
| Net income                                    | 48,978,297       | 207,573      | 11,482,325     | –                      | 60,668,195       |
| Other comprehensive income (loss)             |                  |              |                |                        |                  |
| Unrealized investment loss                    | (26,687)         | –            | –              | –                      | (26,687)         |
| Less: effect of income taxes                  | 7,115            | –            | –              | –                      | 7,115            |
| Other comprehensive income (loss), net of tax | (19,572)         | –            | –              | –                      | (19,572)         |
| Comprehensive income                          | \$ 48,958,725    | \$ 207,573   | \$ 11,482,325  | \$ –                   | \$ 60,648,623    |

Health Choice Arizona, Inc.

Supplemental Detailed Statement of Cash Flows

Year Ended September 30, 2023

|  | ACC            | RBHA        | HCP            | Corporate<br>and Other | HCA, Inc.      |
|--|----------------|-------------|----------------|------------------------|----------------|
| <b>Operating activities</b>  |                |             |                |                        |                |
| Net income   | \$ 48,978,297  | \$ 207,573  | \$ 11,482,325  | \$ –                   | \$ 60,668,195  |
| Adjustments to reconcile net income to<br>net cash provided by operating activities: |                |             |                |                        |                |
| Unrealized loss  | 22,095         | –           | –              | –                      | 22,095         |
| Pharmacy rebate receivables  | (241,690)      | 28,656      | 33,975         | –                      | (179,059)      |
| Private reinsurance receivables  | –              | –           | (34,976)       | –                      | (34,976)       |
| Due from AHCCCS  | (10,592,359)   | 1,892,113   | –              | –                      | (8,700,246)    |
| Due from CMS, net  | –              | –           | 5,483,155      | –                      | 5,483,155      |
| Note receivable  | 33,000,000     | 2,000,000   | 9,532,798      | –                      | 44,532,798     |
| Other current assets, net  | (25,732,521)   | 126,837     | (1,082,581)    | –                      | (26,688,265)   |
| Deferred tax assets  | 64,201         | 25,689      | (53,635)       | 8,148,527              | 8,184,782      |
| Accounts payable and<br>accrued expenses   | (2,656,958)    | (213,864)   | 3,545          | –                      | (2,867,277)    |
| Medical claims payable   | (217,487)      | (4,216,824) | (1,981,180)    | –                      | (6,415,491)    |
| Due to affiliates, net   | 17,489,014     | 12,685,410  | (13,545,552)   | (8,409,027)            | 8,219,845      |
| Due to AHCCCS  | 29,099,912     | –           | –              | –                      | 29,099,912     |
| Payable to providers   | 11,379,529     | (9,823,929) | 1,713,794      | –                      | 3,269,394      |
| Deferred revenue   | –              | (250,000)   | 1,366,187      | 250,000                | 1,366,187      |
| Federal taxes payable  | 4,141,146      | (461,661)   | 1,346,543      | 10,500                 | 5,036,528      |
| Net cash provided by operating activities  | 104,733,179    | 2,000,000   | 14,264,398     | –                      | 120,997,577    |
| <b>Investing activities</b>  |                |             |                |                        |                |
| Sale of investments  | 32,918,695     | –           | –              | –                      | 32,918,695     |
| Purchase of investments  | (67,905,412)   | –           | –              | –                      | (67,905,412)   |
| Net cash used in investing activities  | (34,986,717)   | –           | –              | –                      | (34,986,717)   |
| <b>Financing activities</b>  |                |             |                |                        |                |
| Receipts from CMS contract deposits  | –              | –           | 34,006,157     | –                      | 34,006,157     |
| Withdrawals from CMS contract deposits   | –              | –           | (33,385,462)   | –                      | (33,385,462)   |
| Return of capital  | (33,000,000)   | (2,000,000) | (15,000,000)   | –                      | (50,000,000)   |
| Net cash used in financing activities  | (33,000,000)   | (2,000,000) | (14,379,305)   | –                      | (49,379,305)   |
| Net increase in cash and cash equivalents  | 36,746,462     | –           | (114,907)      | –                      | 36,631,555     |
| Cash and cash equivalents,<br>beginning of year                                      | 254,957,990    | –           | (1,412,123)    | –                      | 253,545,867    |
| Cash and cash equivalents, end of year   | \$ 291,704,452 | \$ –        | \$ (1,527,030) | \$ –                   | \$ 290,177,422 |

Health Choice Arizona, Inc.  
 AHCCCS Complete Care Program  
 Sub-Capitated Expenses Report  
 Contract Year Ended September 30, 2023

| Account  | Account<br>Description   | YTD<br>Amount     |
|----------|--|-------------------|
|          | <b>Sub-capitated hospitalization expenses</b>                        |                   |
| 50105-01 | Hospital inpatient   | \$ -              |
| 50110-01 | Hospital inpatient-behavioral health services                        | -                 |
| 50115-01 | Reserved   | -                 |
|          | Total sub-capitated hospitalization expenses                         | <u>-</u>          |
|          | <b>Sub-capitated medical compensation expenses</b>                   |                   |
| 50205-01 | Primary care physician services                                      | 23,958,761        |
| 50210-01 | Behavioral health physician services                                 | -                 |
| 50215-01 | Referral physician services  | -                 |
| 50220-01 | PH FQHC/RHC services   | -                 |
| 50225-01 | Other professional services  | -                 |
| 50230-01 | Reserved   | -                 |
|          | Total sub-capitated medical compensation expenses                    | <u>23,958,761</u> |
|          | <b>Sub-capitated other medical expenses</b>                          |                   |
| 50305-01 | Emergency facility services  | -                 |
| 50310-01 | PH pharmacy  | -                 |
| 50315-01 | Laboratory, radiology and medical imaging                            | 23,176,494        |
| 50320-01 | Outpatient facility  | -                 |
| 50325-01 | Durable medical equipment  | 4,061,292         |
| 50330-01 | Dental   | -                 |
| 50335-01 | Transportation   | 9,293,796         |
| 50340-00 | Nursing facility, home health care                                   | 3,221,827         |
| 50345-01 | Therapies  | -                 |
| 50350-01 | Alternative payment model performance based payments<br>to providers | -                 |
| 50355-01 | Behavioral health day program  | -                 |
| 50355-05 | Behavioral health case management services                           | -                 |
| 50355-06 | Peer/family support  | -                 |
| 50355-07 | Support services   | -                 |
| 50355-10 | Behavioral health crisis intervention services                       | -                 |
| 50355-11 | Living skills training   | -                 |
| 50355-12 | Supported employment   | -                 |
| 50355-15 | Behavioral health rehabilitation services                            | -                 |

Health Choice Arizona, Inc.  
 AHCCCS Complete Care Program  
 Sub-Capitated Expenses Report (continued)  
 Contract Year Ended September 30, 2023

| Account  | Account<br>Description                                  | YTD<br>Amount        |
|----------|---|----------------------|
|          | <b>Sub-capitated other medical expenses (continued)</b> |                      |
| 50355-20 | Behavioral health residential services                  | \$ -                 |
| 50355-21 | Counseling  | -                    |
| 50355-22 | Assessment, evaluation and screening                    | -                    |
| 50355-23 | Treatment services                                      | -                    |
| 50355-25 | All other behavioral health services                    | -                    |
| 50360-01 | Reserved  | -                    |
| 50370-01 | Other medical expenses                                  | -                    |
|          | Total sub-capitated other medical expenses              | <u>39,753,408</u>    |
|          | Total sub-capitated expenses                            | <u>\$ 63,712,170</u> |

Health Choice Arizona, Inc.

Sub-Capitated and Block Expenses Report

Contract Year Ended September 30, 2023

| Account   | Description                            | Age <1  | Age 1-20   | Age 21+   | Duals   | SSI w/o Med | Prop 204<br>Childless<br>Adults | Expansion<br>Adults | TXIX/XXI<br>SMI | TXIX/XXI<br>Crisis (24<br>Hours) | Title<br>XIX/XXI<br>Total | State Only<br>Transplant | Grand Total |
|---|--|---------|------------|-----------|---------|-------------|---------------------------------|---------------------|-----------------|----------------------------------|---------------------------|--------------------------|-------------|
| <b>Behavioral health</b>                              |  |         |            |           |         |             |                                 |                     |                 |                                  |                           |                          |             |
| <b>Sub-capitated expenses</b>                         |  |         |            |           |         |             |                                 |                     |                 |                                  |                           |                          |             |
| 60199   | Total treatment services               | \$ -    | \$ -       | \$ -      | \$ -    | \$ -        | \$ -                            | \$ -                | \$ -            | \$ -                             | \$ -                      | \$ -                     | \$ -        |
| 60299   | Total rehabilitation services          | -       | -          | -         | -       | -           | -                               | -                   | -               | -                                | -                         | -                        | -           |
| 60399   | Total medical services                 | -       | -          | -         | -       | -           | -                               | -                   | -               | -                                | -                         | -                        | -           |
| 60499   | Total support services                 | -       | -          | -         | -       | -           | -                               | -                   | -               | -                                | -                         | -                        | -           |
| 60599   | Total crisis intervention services     | -       | -          | -         | -       | -           | -                               | -                   | -               | -                                | -                         | -                        | -           |
| 60699   | Total inpatient services               | -       | -          | -         | -       | -           | -                               | -                   | -               | -                                | -                         | -                        | -           |
| 60799   | Total residential services             | -       | -          | -         | -       | -           | -                               | -                   | -               | -                                | -                         | -                        | -           |
| 60899   | Total behavioral health day program    | -       | -          | -         | -       | -           | -                               | -                   | -               | -                                | -                         | -                        | -           |
| 60999   | Total HIV services                     | -       | -          | -         | -       | -           | -                               | -                   | -               | -                                | -                         | -                        | -           |
| 61099   | Total pharmacy expense                 | -       | -          | -         | -       | -           | -                               | -                   | -               | -                                | -                         | -                        | -           |
| 61100-01  | PPC BH title XIX                       | -       | -          | -         | -       | -           | -                               | -                   | -               | -                                | -                         | -                        | -           |
| 61105-01  | Other service expenses not rpt'd above | -       | -          | -         | -       | -           | -                               | -                   | -               | -                                | -                         | -                        | -           |
| 61205-01  | BH FQHC/RHC services                   | -       | -          | -         | -       | -           | -                               | -                   | -               | -                                | -                         | -                        | -           |
| <b>Total sub-capitated behavioral health expenses</b> |  |         |            |           |         |             |                                 |                     |                 |                                  |                           |                          |             |
| <b>Block expenses</b>                                 |  |         |            |           |         |             |                                 |                     |                 |                                  |                           |                          |             |
| 60199   | Total treatment services               | -       | -          | -         | -       | -           | -                               | -                   | -               | -                                | -                         | -                        | -           |
| 60299   | Total rehabilitation services          | -       | -          | -         | -       | -           | -                               | -                   | -               | -                                | -                         | -                        | -           |
| 60399   | Total medical services                 | -       | -          | -         | -       | -           | -                               | -                   | -               | -                                | -                         | -                        | -           |
| 60499   | Total support services                 | -       | -          | -         | -       | -           | -                               | -                   | -               | -                                | -                         | -                        | -           |
| 60599   | Total crisis intervention services     | -       | -          | -         | -       | -           | -                               | -                   | -               | -                                | -                         | -                        | -           |
| 60699   | Total inpatient services               | -       | -          | -         | -       | -           | -                               | -                   | -               | -                                | -                         | -                        | -           |
| 60799   | Total residential services             | -       | -          | -         | -       | -           | -                               | -                   | -               | -                                | -                         | -                        | -           |
| 60899   | Total behavioral health day program    | -       | -          | -         | -       | -           | -                               | -                   | -               | -                                | -                         | -                        | -           |
| 60999   | Total HIV services                     | -       | -          | -         | -       | -           | -                               | -                   | -               | -                                | -                         | -                        | -           |
| 61099   | Total pharmacy xpense                  | -       | -          | -         | -       | -           | -                               | -                   | -               | -                                | -                         | -                        | -           |
| 61100-01  | PPC BH title XIX                       | -       | -          | -         | -       | -           | -                               | -                   | -               | -                                | -                         | -                        | -           |
| 61105-01  | Other service expenses not rpt'd above | -       | -          | -         | -       | -           | -                               | -                   | -               | -                                | -                         | -                        | -           |
| 61205-01  | BH FQHC/RHC services                   | -       | -          | -         | -       | -           | -                               | -                   | -               | -                                | -                         | -                        | -           |
| <b>Total block behavioral health expenses</b>         |  |         |            |           |         |             |                                 |                     |                 |                                  |                           |                          |             |
| <b>Physical health</b>                                |  |         |            |           |         |             |                                 |                     |                 |                                  |                           |                          |             |
| <b>Sub-capitated expenses</b>                         |  |         |            |           |         |             |                                 |                     |                 |                                  |                           |                          |             |
| <i>Hospitalization expenses:</i>                      |  |         |            |           |         |             |                                 |                     |                 |                                  |                           |                          |             |
| 50105-01  | Hospital inpatient                     | -       | -          | -         | -       | -           | -                               | -                   | -               | -                                | -                         | -                        | -           |
| <b>Total hospitalization expense</b>                  |  |         |            |           |         |             |                                 |                     |                 |                                  |                           |                          |             |
| <i>Medical compensation expenses:</i>                 |  |         |            |           |         |             |                                 |                     |                 |                                  |                           |                          |             |
| 50205-01  | Primary care physician services        | 705,316 | 16,253,339 | 2,450,517 | 207,535 | 834,493     | 2,340,289                       | 1,167,272           | -               | -                                | 23,958,761                | -                        | 23,958,761  |
| 50215-01  | Referral physician services            | -       | -          | -         | -       | -           | -                               | -                   | -               | -                                | -                         | -                        | -           |
| 50220-01  | PH FQHC/RHC services                   | -       | -          | -         | -       | -           | -                               | -                   | -               | -                                | -                         | -                        | -           |
| 50225-01  | Other professional services            | -       | -          | -         | -       | -           | -                               | -                   | -               | -                                | -                         | -                        | -           |
| <b>Total medical compensation expenses</b>            |  |         |            |           |         |             |                                 |                     |                 |                                  |                           |                          |             |

Health Choice Arizona, Inc.

Sub-Capitated and Block Expenses Report (continued)

As of September 30, 2023

| Account  | Description   | Age <1           | Age 1-20          | Age 21+           | Duals            | SSI w/o Med      | Prop 204<br>Childless<br>Adults | Expansion<br>Adults | TXIX/XXI<br>SMI | TXIX/XXI<br>Crisis (24<br>Hours) | Title<br>XIX/XXI<br>Total | State Only<br>Transplant | Grand Total       |
|----------|---|------------------|-------------------|-------------------|------------------|------------------|---------------------------------|---------------------|-----------------|----------------------------------|---------------------------|--------------------------|-------------------|
|          | <i>Other medical expenses:</i>                                    |                  |                   |                   |                  |                  |                                 |                     |                 |                                  |                           |                          |                   |
| 50305-01 | Emergency facility services                                       | \$ -             | \$ -              | \$ -              | \$ -             | \$ -             | \$ -                            | \$ -                | \$ -            | \$ -                             | \$ -                      | \$ -                     | \$ -              |
| 50310-01 | Pharmacy  | -                | -                 | -                 | -                | -                | -                               | -                   | -               | -                                | -                         | -                        | -                 |
| 50315-01 | Laboratory, radiology and medical imaging                         | 301,438          | 5,091,486         | 5,974,491         | 312,105          | 1,691,196        | 8,263,654                       | 1,542,124           | -               | -                                | 23,176,494                | -                        | 23,176,494        |
| 50320-01 | Outpatient facility   | -                | -                 | -                 | -                | -                | -                               | -                   | -               | -                                | -                         | -                        | -                 |
| 50325-01 | Durable med equipment   | 75,604           | 1,495,028         | 713,503           | 186,994          | 124,948          | 1,227,939                       | 237,276             | -               | -                                | 4,061,292                 | -                        | 4,061,292         |
| 50330-01 | Dental  | -                | -                 | -                 | -                | -                | -                               | -                   | -               | -                                | -                         | -                        | -                 |
| 50335-01 | Transportation  | 263,355          | 3,598,394         | 1,752,099         | 346,496          | 263,667          | 2,142,820                       | 926,965             | -               | -                                | 9,293,796                 | -                        | 9,293,796         |
| 50340-00 | Nursing facility, home health care                                | 96,606           | 1,306,769         | 614,273           | 122,412          | 137,427          | 733,165                         | 211,175             | -               | -                                | 3,221,827                 | -                        | 3,221,827         |
| 50345-01 | Therapies   | -                | -                 | -                 | -                | -                | -                               | -                   | -               | -                                | -                         | -                        | -                 |
| 50350-01 | Alternative payment model performance based payments to providers | -                | -                 | -                 | -                | -                | -                               | -                   | -               | -                                | -                         | -                        | -                 |
| 50370-01 | Other medical expenses  | -                | -                 | -                 | -                | -                | -                               | -                   | -               | -                                | -                         | -                        | -                 |
|          | <i>Total other medical expenses</i>                               | <b>737,003</b>   | <b>11,491,677</b> | <b>9,054,366</b>  | <b>968,007</b>   | <b>2,217,238</b> | <b>12,367,578</b>               | <b>2,917,540</b>    | -               | -                                | <b>39,753,409</b>         | -                        | <b>39,753,409</b> |
|          | <b>Total sub-capitated physical health expenses</b>               | <b>1,442,319</b> | <b>27,745,016</b> | <b>11,504,883</b> | <b>1,175,542</b> | <b>3,051,731</b> | <b>14,707,867</b>               | <b>4,084,812</b>    | -               | -                                | <b>63,712,170</b>         | -                        | <b>63,712,170</b> |
|          | <b>Block expenses</b>   |                  |                   |                   |                  |                  |                                 |                     |                 |                                  |                           |                          |                   |
|          | <i>Hospitalization expenses:</i>                                  |                  |                   |                   |                  |                  |                                 |                     |                 |                                  |                           |                          |                   |
| 50105-01 | Hospital inpatient  | -                | -                 | -                 | -                | -                | -                               | -                   | -               | -                                | -                         | -                        | -                 |
|          | <i>Total hospitalization expense</i>                              | -                | -                 | -                 | -                | -                | -                               | -                   | -               | -                                | -                         | -                        | -                 |
|          | <i>Medical compensation expenses:</i>                             |                  |                   |                   |                  |                  |                                 |                     |                 |                                  |                           |                          |                   |
| 50205-01 | Primary care physician services                                   | -                | -                 | -                 | -                | -                | -                               | -                   | -               | -                                | -                         | -                        | -                 |
| 50215-01 | Referral physician services                                       | -                | -                 | -                 | -                | -                | -                               | -                   | -               | -                                | -                         | -                        | -                 |
| 50220-01 | PH FQHC/RHC services  | -                | -                 | -                 | -                | -                | -                               | -                   | -               | -                                | -                         | -                        | -                 |
| 50225-01 | Other professional services                                       | -                | -                 | -                 | -                | -                | -                               | -                   | -               | -                                | -                         | -                        | -                 |
|          | <i>Total medical compensation expenses</i>                        | -                | -                 | -                 | -                | -                | -                               | -                   | -               | -                                | -                         | -                        | -                 |
|          | <i>Other medical expenses:</i>                                    |                  |                   |                   |                  |                  |                                 |                     |                 |                                  |                           |                          |                   |
| 50305-01 | Emergency facility services                                       | -                | -                 | -                 | -                | -                | -                               | -                   | -               | -                                | -                         | -                        | -                 |
| 50310-01 | PH pharmacy   | -                | -                 | -                 | -                | -                | -                               | -                   | -               | -                                | -                         | -                        | -                 |
| 50315-01 | Laboratory, radiology and medical imaging                         | -                | -                 | -                 | -                | -                | -                               | -                   | -               | -                                | -                         | -                        | -                 |
| 50320-01 | Outpatient facility   | -                | -                 | -                 | -                | -                | -                               | -                   | -               | -                                | -                         | -                        | -                 |
| 50325-01 | Durable med equipment   | -                | -                 | -                 | -                | -                | -                               | -                   | -               | -                                | -                         | -                        | -                 |
| 50330-01 | Dental  | -                | -                 | -                 | -                | -                | -                               | -                   | -               | -                                | -                         | -                        | -                 |
| 50335-01 | Transportation  | -                | -                 | -                 | -                | -                | -                               | -                   | -               | -                                | -                         | -                        | -                 |
| 50340-00 | Nursing facility, home health care                                | -                | -                 | -                 | -                | -                | -                               | -                   | -               | -                                | -                         | -                        | -                 |
| 50345-01 | Therapies   | -                | -                 | -                 | -                | -                | -                               | -                   | -               | -                                | -                         | -                        | -                 |
| 50350-01 | Alternative payment model performance based payments to providers | -                | -                 | -                 | -                | -                | -                               | -                   | -               | -                                | -                         | -                        | -                 |
| 50370-01 | Other medical expenses  | -                | -                 | -                 | -                | -                | -                               | -                   | -               | -                                | -                         | -                        | -                 |
|          | <i>Total other medical expenses</i>                               | -                | -                 | -                 | -                | -                | -                               | -                   | -               | -                                | -                         | -                        | -                 |
|          | <b>Total block physical health expenses</b>                       | <b>\$ -</b>      | <b>\$ -</b>       | <b>\$ -</b>       | <b>\$ -</b>      | <b>\$ -</b>      | <b>\$ -</b>                     | <b>\$ -</b>         | <b>\$ -</b>     | <b>\$ -</b>                      | <b>\$ -</b>               | <b>\$ -</b>              | <b>\$ -</b>       |

Health Choice Arizona, Inc.

Sub-Capitated Expenses Report CYE22

As of September 30, 2023

| Account  | Account Description   | Age <1       | Age 1-20      | Age 21+       | Duals        | SSI w/o Med  | Prop 204<br>Childless<br>Adults | Expansion<br>Adults | Title XIX<br>Total | State Only<br>Transplant | State Only<br>Total | Grand Total   |
|--|---|--------------|---------------|---------------|--------------|--------------|---------------------------------|---------------------|--------------------|--------------------------|---------------------|---------------|
| <b>Sub-capitated hospitalization expenses</b>      |   |              |               |               |              |              |                                 |                     |                    |                          |                     |               |
| 50105-01   | Hospital inpatient  | \$ -         | \$ -          | \$ -          | \$ -         | \$ -         | \$ -                            | \$ -                | \$ -               | \$ -                     | \$ -                | \$ -          |
| 50110-01   | Hospital inpatient – behavioral health services                   | -            | -             | -             | -            | -            | -                               | -                   | -                  | -                        | -                   | -             |
| 50115-01   | Reserved  | -            | -             | -             | -            | -            | -                               | -                   | -                  | -                        | -                   | -             |
|  | <b>Total sub-capitated hospitalization expense</b>                | -            | -             | -             | -            | -            | -                               | -                   | -                  | -                        | -                   | -             |
| <b>Sub-capitated medical compensation expenses</b> |   |              |               |               |              |              |                                 |                     |                    |                          |                     |               |
| 50205-01   | Primary care physician services                                   | 357,054      | 8,625,370     | 2,672,148     | 34,962       | 3,300,804    | 1,474,744                       | 2,109,593           | 18,574,675         | -                        | -                   | 18,574,675    |
| 50210-01   | Behavioral health physician services                              | -            | -             | -             | -            | -            | -                               | -                   | -                  | -                        | -                   | -             |
| 50215-01   | Referral physician services                                       | -            | -             | -             | -            | -            | -                               | -                   | -                  | -                        | -                   | -             |
| 50220-01   | PH FQHC/RHC services  | -            | -             | -             | -            | -            | -                               | -                   | -                  | -                        | -                   | -             |
| 50225-01   | Other professional services                                       | -            | -             | -             | -            | -            | -                               | -                   | -                  | -                        | -                   | -             |
| 50230-01   | Reserved  | -            | -             | -             | -            | -            | -                               | -                   | -                  | -                        | -                   | -             |
|  | <b>Total sub-capitated medical compensation expenses</b>          | 357,054      | 8,625,370     | 2,672,148     | 34,962       | 3,300,804    | 1,474,744                       | 2,109,593           | 18,574,675         | -                        | -                   | 18,574,675    |
| <b>Sub-capitated other medical expenses</b>        |   |              |               |               |              |              |                                 |                     |                    |                          |                     |               |
| 50305-01   | Emergency facility services                                       | -            | -             | -             | -            | -            | -                               | -                   | -                  | -                        | -                   | -             |
| 50310-01   | PH pharmacy   | -            | -             | -             | -            | -            | -                               | -                   | -                  | -                        | -                   | -             |
| 50315-01   | Laboratory, radiology and medical imaging                         | 334,010      | 3,732,044     | 7,638,909     | 239,100      | 2,036,759    | 6,934,377                       | 903,581             | 21,818,780         | -                        | -                   | 21,818,780    |
| 50320-01   | Outpatient facility   | -            | -             | -             | -            | -            | -                               | -                   | -                  | -                        | -                   | -             |
| 50325-01   | Durable medical equipment   | 95,900       | 1,662,133     | 783,507       | 160,175      | 105,058      | 860,006                         | 285,693             | 3,952,472          | -                        | -                   | 3,952,472     |
| 50330-01   | Dental  | -            | -             | -             | -            | -            | -                               | -                   | -                  | -                        | -                   | -             |
| 50335-01   | Transportation  | 207,798      | 4,196,403     | 1,565,077     | 445,981      | 328,571      | 2,576,007                       | 745,885             | 10,065,722         | -                        | -                   | 10,065,722    |
| 50340-00   | Nursing facility, home health care                                | 67,491       | 1,301,326     | 500,822       | 122,913      | 81,837       | 912,530                         | 202,318             | 3,189,237          | -                        | -                   | 3,189,237     |
| 50345-01   | Therapies   | -            | -             | -             | -            | -            | -                               | -                   | -                  | -                        | -                   | -             |
| 50350-01   | Alternative payment model performance based payments to providers | -            | -             | -             | -            | -            | -                               | -                   | -                  | -                        | -                   | -             |
| 50355-01   | Behavioral health day program                                     | -            | -             | -             | -            | -            | -                               | -                   | -                  | -                        | -                   | -             |
| 50355-05   | Behavioral health case management services                        | -            | -             | -             | -            | -            | -                               | -                   | -                  | -                        | -                   | -             |
| 50355-06   | Peer/family support   | -            | -             | -             | -            | -            | -                               | -                   | -                  | -                        | -                   | -             |
| 50355-07   | Support services  | -            | -             | -             | -            | -            | -                               | -                   | -                  | -                        | -                   | -             |
| 50355-10   | Behavioral health crisis intervention services                    | -            | -             | -             | -            | -            | -                               | -                   | -                  | -                        | -                   | -             |
| 50355-11   | Living skills training  | -            | -             | -             | -            | -            | -                               | -                   | -                  | -                        | -                   | -             |
| 50355-12   | Supported employment  | -            | -             | -             | -            | -            | -                               | -                   | -                  | -                        | -                   | -             |
| 50355-15   | Behavioral health rehabilitation services                         | -            | -             | -             | -            | -            | -                               | -                   | -                  | -                        | -                   | -             |
| 50355-20   | Behavioral health residential services                            | -            | -             | -             | -            | -            | -                               | -                   | -                  | -                        | -                   | -             |
| 50355-21   | Counseling  | -            | -             | -             | -            | -            | -                               | -                   | -                  | -                        | -                   | -             |
| 50355-22   | Assessment, evaluation and screening                              | -            | -             | -             | -            | -            | -                               | -                   | -                  | -                        | -                   | -             |
| 50355-23   | Treatment services  | -            | -             | -             | -            | -            | -                               | -                   | -                  | -                        | -                   | -             |
| 50355-25   | All other behavioral health services                              | -            | -             | -             | -            | -            | -                               | -                   | -                  | -                        | -                   | -             |
| 50360-01   | Reserved  | -            | -             | -             | -            | -            | -                               | -                   | -                  | -                        | -                   | -             |
| 50370-01   | Other medical expenses  | -            | -             | -             | -            | -            | -                               | -                   | -                  | -                        | -                   | -             |
|  | <b>Total sub-capitated other medical expenses</b>                 | 705,199      | 10,891,906    | 10,488,315    | 968,169      | 2,552,225    | 11,282,920                      | 2,137,477           | 39,026,211         | -                        | -                   | 39,026,211    |
|  | <b>Total sub-capitated expenses</b>                               | \$ 1,062,253 | \$ 19,517,276 | \$ 13,160,463 | \$ 1,003,131 | \$ 5,853,029 | \$ 12,757,664                   | \$ 4,247,070        | \$ 57,600,886      | \$ -                     | \$ -                | \$ 57,600,886 |

Health Choice Arizona, Inc.

Block Purchases Expense Report CYE22

As of September 30, 2023

| Account  | Account Description   | Age <1    | Age 1-20      | Age 21+      | Duals        | SSI w/o Med  | Prop 204<br>Childless<br>Adults | Expansion<br>Adults | Title XIX<br>Total | State Only<br>Transplant | Grand Total   |
|--|---|-----------|---------------|--------------|--------------|--------------|---------------------------------|---------------------|--------------------|--------------------------|---------------|
| <b>Hospitalization block purchases</b>             |   |           |               |              |              |              |                                 |                     |                    |                          |               |
| 50105-01   | Hospital inpatient  | \$ -      | \$ 100,421    | \$ 440,799   | \$ (5,214)   | \$ 167,186   | \$ 1,163,602                    | \$ 96,883           | \$ 1,963,677       | \$ -                     | \$ 1,963,677  |
| 50110-01   | Hospital inpatient – behavioral health services                   | -         | 71,499        | 156,059      | 77,625       | 36,546       | 1,020,236                       | 57,926              | 1,419,891          | -                        | 1,419,891     |
| 50115-01   | Reserved  | -         | -             | -            | -            | -            | -                               | -                   | -                  | -                        | -             |
|  | <b>Total sub-capitated hospitalization expense</b>                | -         | 171,920       | 596,858      | 72,411       | 203,732      | 2,183,838                       | 154,809             | 3,383,568          | -                        | 3,383,568     |
| <b>Sub-capitated medical compensation expenses</b> |   |           |               |              |              |              |                                 |                     |                    |                          |               |
| 50205-01   | Primary care physician services                                   | -         | 285,211       | 108,972      | 9,806        | 64,876       | 178,073                         | 41,368              | 688,306            | -                        | 688,306       |
| 50210-01   | Behavioral health physician services                              | 593       | 596,699       | 734,528      | 96,930       | 212,057      | 1,341,477                       | 228,698             | 3,210,982          | -                        | 3,210,982     |
| 50215-01   | Referral physician services                                       | -         | -             | -            | -            | -            | -                               | -                   | -                  | -                        | -             |
| 50220-01   | PH FQHC/RHC services  | -         | -             | -            | -            | -            | -                               | -                   | -                  | -                        | -             |
| 50225-01   | Other professional services                                       | -         | 45,774        | 2,879        | 16           | 2,148        | 15,312                          | 4,612               | 70,741             | -                        | 70,741        |
| 50230-01   | Reserved  | -         | -             | -            | -            | -            | -                               | -                   | -                  | -                        | -             |
|  | <b>Total sub-capitated medical compensation expenses</b>          | 593       | 927,684       | 846,379      | 106,752      | 279,081      | 1,534,862                       | 274,678             | 3,970,029          | -                        | 3,970,029     |
| <b>Sub-capitated other medical expenses</b>        |   |           |               |              |              |              |                                 |                     |                    |                          |               |
| 50305-01   | Emergency facility services                                       | -         | -             | -            | -            | -            | -                               | -                   | -                  | -                        | -             |
| 50310-01   | PH pharmacy   | -         | -             | -            | -            | -            | -                               | -                   | -                  | -                        | -             |
| 50315-01   | Laboratory, radiology and medical imaging                         | -         | 161           | 884          | 76           | 295          | 4,001                           | 134                 | 5,551              | -                        | 5,551         |
| 50320-01   | Outpatient facility   | -         | -             | -            | -            | -            | -                               | -                   | -                  | -                        | -             |
| 50325-01   | Durable medical equipment   | -         | -             | -            | -            | -            | -                               | -                   | -                  | -                        | -             |
| 50330-01   | Dental  | -         | -             | -            | -            | -            | -                               | -                   | -                  | -                        | -             |
| 50335-01   | Transportation  | -         | 687,358       | 101,337      | 182,175      | 168,056      | 312,527                         | 34,461              | 1,485,914          | -                        | 1,485,914     |
| 50340-00   | Nursing facility, home health care                                | -         | 1,593,625     | -            | 3,848        | 124,735      | (39,371)                        | -                   | 1,682,837          | -                        | 1,682,837     |
| 50345-01   | Therapies   | -         | -             | -            | -            | -            | -                               | -                   | -                  | -                        | -             |
| 50350-01   | Alternative payment model performance based payments to providers | -         | -             | -            | -            | -            | -                               | -                   | -                  | -                        | -             |
| 50355-01   | Behavioral health day program                                     | -         | -             | -            | -            | -            | 18                              | -                   | 18                 | -                        | 18            |
| 50355-05   | Behavioral health case management services                        | 8,800     | 3,171,717     | 863,511      | 357,716      | 544,596      | 1,271,317                       | 310,150             | 6,527,807          | -                        | 6,527,807     |
| 50355-06   | Peer/family support   | 10,444    | 708,637       | 105,629      | 190,845      | 144,333      | 382,734                         | 36,164              | 1,578,786          | -                        | 1,578,786     |
| 50355-07   | Support services  | -         | -             | -            | -            | -            | -                               | -                   | -                  | -                        | -             |
| 50355-10   | Behavioral health crisis intervention services                    | -         | -             | 975          | (71)         | -            | 3,708                           | -                   | 4,612              | -                        | 4,612         |
| 50355-11   | Living skills training  | 19        | 5,276,389     | 431,422      | 288,879      | 518,439      | 958,480                         | 107,564             | 7,581,192          | -                        | 7,581,192     |
| 50355-12   | Supported employment  | -         | 17,702        | 56,310       | 10,213       | 48,137       | 205,297                         | 7,825               | 345,484            | -                        | 345,484       |
| 50355-15   | Behavioral health rehabilitation services                         | 23        | 8,103         | 31,221       | 2,792        | 8,539        | 26,005                          | 3,331               | 80,014             | -                        | 80,014        |
| 50355-20   | Behavioral health residential services                            | -         | 607,713       | 601,935      | 160,435      | 107,440      | 2,746,739                       | 130,820             | 4,355,082          | -                        | 4,355,082     |
| 50355-21   | Counseling  | 2,633     | 3,483,436     | 1,838,826    | 454,317      | 451,078      | 3,218,607                       | 649,164             | 10,098,061         | -                        | 10,098,061    |
| 50355-22   | Assessment, evaluation and screening                              | 11,020    | 1,858,661     | 896,995      | 243,377      | 268,645      | 1,936,276                       | 331,029             | 5,546,003          | -                        | 5,546,003     |
| 50355-23   | Treatment services  | -         | -             | 12,407       | 2,796        | 2,799        | 11,641                          | -                   | 29,643             | -                        | 29,643        |
| 50355-25   | All other behavioral health services                              | -         | -             | -            | -            | -            | -                               | -                   | -                  | -                        | -             |
| 50360-01   | Reserved  | -         | -             | -            | -            | -            | -                               | -                   | -                  | -                        | -             |
| 50370-01   | Other medical expenses  | -         | -             | 36,868       | 30,191       | 8,675        | 328,132                         | 9,736               | 413,602            | -                        | 413,602       |
|  | <b>Total other medical block purchases</b>                        | 32,939    | 17,413,502    | 4,978,320    | 1,927,589    | 2,395,767    | 11,366,111                      | 1,620,378           | 39,734,606         | -                        | 39,734,606    |
|  | <b>Total block purchases</b>                                      | \$ 33,532 | \$ 18,513,106 | \$ 6,421,557 | \$ 2,106,752 | \$ 2,878,580 | \$ 15,084,811                   | \$ 2,049,865        | \$ 47,088,203      | \$ -                     | \$ 47,088,203 |

Health Choice Arizona, Inc.

Regional Behavioral Health Authority Program

Sub-Capitated and Block Expenses Report

Contract Year Ended September 30, 2022

| Account  | Account Description   | TXIX/XXI<br>CMDP | TXIX/XXI<br>SMI | TXIX/XXI<br>Other Child<br>(Crisis) | TXIX/XXI<br>Crisis<br>(24 hours) | Total         |
|--|---|------------------|-----------------|-------------------------------------|----------------------------------|---------------|
| <b>Sub-capitated behavioral health expenses</b>    |   |                  |                 |                                     |                                  |               |
| 60199-01   | Total treatment services  | \$ -             | \$ 6,200,519    | \$ -                                | \$ -                             | \$ 6,200,519  |
| 60299-01   | Total rehabilitation services                                     | -                | 5,943,938       | -                                   | -                                | 5,943,938     |
| 60399-01   | Total medical services  | -                | 1,607,441       | -                                   | -                                | 1,607,441     |
| 60499-01   | Total support services  | -                | 12,665,930      | -                                   | -                                | 12,665,930    |
| 60599-01   | Total crisis intervention services                                | -                | -               | -                                   | 10,692,704                       | 10,692,704    |
| 60699-01   | Total inpatient services  | -                | 5,796,241       | -                                   | -                                | 5,796,241     |
| 60799-01   | Total residential services  | -                | 8,213,329       | -                                   | -                                | 8,213,329     |
| 60899-01   | Total behavioral health day program                               | -                | -               | -                                   | -                                | -             |
| 60999-01   | Total prevention services   | -                | -               | -                                   | -                                | -             |
| 61099-01   | Total Pharmacy Expense  | -                | -               | -                                   | -                                | -             |
| 61100-01   | PPC BH title XIX  | -                | -               | -                                   | -                                | -             |
| 61105-01   | Other service expenses not rpt'd above                            | -                | -               | -                                   | -                                | -             |
| 61205-01   | BH FQHC/RHC services  | -                | -               | -                                   | -                                | -             |
|  | Total Sub-capitated behavioral health expenses                    | -                | 40,427,398      | -                                   | 10,692,704                       | 51,120,102    |
| <b>Sub-capitated hospitalization expenses</b>      |   |                  |                 |                                     |                                  |               |
| 50105-01   | Hospital inpatient  | -                | -               | -                                   | -                                | -             |
| 50110-01   | Behavioral health hospital inpatient                              | -                | -               | -                                   | -                                | -             |
|  | Total sub-capitated hospitalization expenses                      | -                | -               | -                                   | -                                | -             |
| <b>Sub-capitated medical compensation expenses</b> |   |                  |                 |                                     |                                  |               |
| 50205-01   | Primary care physician services                                   | -                | -               | -                                   | -                                | -             |
| 50210-01   | Behavioral health physician services                              | -                | -               | -                                   | -                                | -             |
| 50215-01   | Referral physician services                                       | -                | -               | -                                   | -                                | -             |
| 50220-01   | PH FQHC/RHC services  | -                | -               | -                                   | -                                | -             |
| 50225-01   | Other professional services                                       | -                | -               | -                                   | -                                | -             |
|  | Total sub-capitated medical compensation expenses                 | -                | -               | -                                   | -                                | -             |
| <b>Sub-capitated other medical expenses</b>        |   |                  |                 |                                     |                                  |               |
| 50305-01   | Emergency facility services                                       | -                | -               | -                                   | -                                | -             |
| 50310-01   | PH pharmacy   | -                | 76,861          | -                                   | -                                | 76,861        |
| 50315-01   | Laboratory, radiology and medical imaging                         | -                | 156,592         | -                                   | -                                | 156,592       |
| 50320-01   | Outpatient facility   | -                | -               | -                                   | -                                | -             |
| 50325-01   | Durable medical equipment   | -                | 95,255          | -                                   | -                                | 95,255        |
| 50330-01   | Dental  | -                | -               | -                                   | -                                | -             |
| 50335-01   | Transportation  | -                | 341,292         | -                                   | -                                | 341,292       |
| 50340-01   | Nursing facility, home health care                                | -                | -               | -                                   | -                                | -             |
| 50345-01   | Therapies   | -                | -               | -                                   | -                                | -             |
| 50350-01   | Alternative payment model performance based payments to providers | -                | -               | -                                   | -                                | -             |
| 50370-10   | Other medical expenses  | -                | -               | -                                   | -                                | -             |
|  | Total other medical expenses                                      | -                | 670,000         | -                                   | -                                | 670,000       |
|  | Total physical health expenses                                    | \$ -             | \$ 41,097,398   | \$ -                                | \$ 10,692,704                    | \$ 51,790,102 |

Health Choice Arizona, Inc.  
Regional Behavioral Health Authority Program  
Supplemental Schedule of Activities  
Year Ended September 30, 2023

\*Disclosed on Schedule A

| Member Months                                      | NTXIX/XXI<br>Crisis | NTXIX/XXI<br>SMI<br>Services | NTXIX/XXI<br>Other | Housing<br>Trust<br>Fund | MHBG<br>SED | MHBG<br>SMI | MHBG<br>FEP | SABG        | Other<br>Federal    | County      | PASRR       | Total<br>NTXIX/XXI  | Mgmt &<br>Gen       | Grand<br>Total      |
|--|---------------------|------------------------------|--------------------|--------------------------|-------------|-------------|-------------|-------------|---------------------|-------------|-------------|---------------------|---------------------|---------------------|
| <b>999 Total Member Months</b>                     |                     |                              |                    |                          |             |             |             |             |                     |             |             |                     |                     |                     |
| <b>Revenue</b>                                     |                     |                              |                    |                          |             |             |             |             |                     |             |             |                     |                     |                     |
| 40205-01 Non-title XIX/XXI revenue*                | \$ -                | \$ -                         | \$ 590,946         | \$ -                     | \$ -        | \$ -        | \$ -        | \$ -        | \$ 2,280,809        | \$ -        | \$ -        | \$ 2,871,755        | \$ 688,033          | \$ 3,559,788        |
| 40210-01 Specialty and other grants*               | -                   | -                            | -                  | -                        | -           | -           | -           | -           | -                   | -           | -           | -                   | -                   | -                   |
| 40215-01 Non-title XIX/XXI profit limit            | -                   | -                            | -                  | -                        | -           | -           | -           | -           | -                   | -           | -           | -                   | -                   | -                   |
| 40305-01 Investment Income                         | -                   | -                            | -                  | -                        | -           | -           | -           | -           | -                   | -           | -           | -                   | -                   | -                   |
| 40310-01 Other income*                             | -                   | -                            | -                  | -                        | -           | -           | -           | -           | -                   | -           | -           | -                   | 507,617             | 507,617             |
| <b>49999 Total revenue</b>                         | <b>\$ -</b>         | <b>\$ -</b>                  | <b>\$ 590,946</b>  | <b>\$ -</b>              | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 2,280,809</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 2,871,755</b> | <b>\$ 1,195,650</b> | <b>\$ 4,067,405</b> |
| <b>Expenses</b>                                    |                     |                              |                    |                          |             |             |             |             |                     |             |             |                     |                     |                     |
| <b>Behavioral health (BH) medical expenses</b>     |                     |                              |                    |                          |             |             |             |             |                     |             |             |                     |                     |                     |
| <b>Treatment services</b>                          |                     |                              |                    |                          |             |             |             |             |                     |             |             |                     |                     |                     |
| 60105-01 Counseling                                | \$ -                | \$ -                         | \$ 87,692          | \$ -                     | \$ -        | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        | \$ -        | \$ 87,692           | \$ 88               | \$ 87,780           |
| 60105-05 Assessment, evaluation and screening      | -                   | -                            | 48,630             | -                        | -           | -           | -           | -           | -                   | -           | -           | 48,630              | 56,825              | 105,455             |
| 60105-10 Other professional                        | -                   | -                            | -                  | -                        | -           | -           | -           | -           | -                   | -           | -           | -                   | -                   | -                   |
| <b>60199 Total treatment services</b>              | <b>-</b>            | <b>-</b>                     | <b>136,322</b>     | <b>-</b>                 | <b>-</b>    | <b>-</b>    | <b>-</b>    | <b>-</b>    | <b>-</b>            | <b>-</b>    | <b>-</b>    | <b>136,322</b>      | <b>56,913</b>       | <b>193,235</b>      |
| <b>Rehabilitation services</b>                     |                     |                              |                    |                          |             |             |             |             |                     |             |             |                     |                     |                     |
| 60205-01 Living skills training                    | -                   | -                            | 45,389             | -                        | -           | -           | -           | -           | -                   | -           | -           | 45,389              | -                   | 45,389              |
| 60205-05 Cognitive rehabilitation                  | -                   | -                            | -                  | -                        | -           | -           | -           | -           | -                   | -           | -           | -                   | -                   | -                   |
| 60205-10 Health promotion                          | -                   | -                            | 2,546              | -                        | -           | -           | -           | -           | -                   | -           | -           | 2,546               | -                   | 2,546               |
| 60205-15 Supported employment services             | -                   | -                            | 20                 | -                        | -           | -           | -           | -           | -                   | -           | -           | 20                  | -                   | 20                  |
| <b>60299 Total rehabilitation services</b>         | <b>-</b>            | <b>-</b>                     | <b>47,955</b>      | <b>-</b>                 | <b>-</b>    | <b>-</b>    | <b>-</b>    | <b>-</b>    | <b>-</b>            | <b>-</b>    | <b>-</b>    | <b>47,955</b>       | <b>-</b>            | <b>47,955</b>       |
| <b>Medical services</b>                            |                     |                              |                    |                          |             |             |             |             |                     |             |             |                     |                     |                     |
| 60305-01 Medication services                       | -                   | -                            | 38,025             | -                        | -           | -           | -           | -           | -                   | -           | -           | 38,025              | -                   | 38,025              |
| 60305-05 Medical management                        | -                   | -                            | 67,161             | -                        | -           | -           | -           | -           | -                   | -           | -           | 67,161              | 828                 | 67,989              |
| 60305-10 Laboratory, radiology and medical imaging | -                   | -                            | 4,833              | -                        | -           | -           | -           | -           | -                   | -           | -           | 4,833               | -                   | 4,833               |
| 60305-15 Electro-convulsive therapy                | -                   | -                            | -                  | -                        | -           | -           | -           | -           | -                   | -           | -           | -                   | -                   | -                   |
| <b>60399 Total medical services</b>                | <b>-</b>            | <b>-</b>                     | <b>110,019</b>     | <b>-</b>                 | <b>-</b>    | <b>-</b>    | <b>-</b>    | <b>-</b>    | <b>-</b>            | <b>-</b>    | <b>-</b>    | <b>110,019</b>      | <b>828</b>          | <b>110,847</b>      |

Health Choice Arizona, Inc.

Regional Behavioral Health Authority Program

Supplemental Schedule of Activities (continued)

Year Ended September 30, 2023

\*Disclosed on Schedule A (continued)

|                                      | NTXIX/XXI<br>Crisis | NTXIX/XXI<br>SMI<br>Services | NTXIX/XXI<br>Other | Housing<br>Trust<br>Fund | MHBG<br>SED | MHBG<br>SMI | MHBG<br>FEP | SABG | Other<br>Federal | County | PASRR | Total<br>NTXIX/XXI | Mgmt &<br>Gen  | Grand<br>Total |
|--------------------------------------|---------------------|------------------------------|--------------------|--------------------------|-------------|-------------|-------------|------|------------------|--------|-------|--------------------|----------------|----------------|
| <b>Support services</b>              |                     |                              |                    |                          |             |             |             |      |                  |        |       |                    |                |                |
| 60405-01                             | \$                  | \$                           | 49,741             | \$                       | \$          | \$          | \$          | \$   | \$               | \$     | \$    | 49,741             | \$ 4,964       | \$ 54,705      |
| 60405-05                             | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -              | -              |
| 60405-10                             | -                   | -                            | 343                | -                        | -           | -           | -           | -    | -                | -      | -     | 343                | -              | 343            |
| 60405-15                             | -                   | -                            | 9,736              | -                        | -           | -           | -           | -    | -                | -      | -     | 9,736              | -              | 9,736          |
| 60405-20                             | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -              | -              |
| 60405-21                             | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -              | -              |
| 60405-25                             | -                   | -                            | 3,094              | -                        | -           | -           | -           | -    | -                | -      | -     | 3,094              | -              | 3,094          |
| 60405-30                             | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -              | -              |
| 60405-40                             | -                   | -                            | 14,442             | -                        | -           | -           | -           | -    | -                | -      | -     | 14,442             | -              | 14,442         |
| <b>60499</b>                         |                     |                              | <b>77,356</b>      |                          |             |             |             |      |                  |        |       | <b>77,356</b>      | <b>4,964</b>   | <b>82,320</b>  |
| <b>Crisis intervention services</b>  |                     |                              |                    |                          |             |             |             |      |                  |        |       |                    |                |                |
| 60505-01                             | -                   | -                            | (7)                | -                        | -           | -           | -           | -    | -                | -      | -     | (7)                | 259            | 252            |
| 60505-05                             | -                   | -                            | 7,775              | -                        | -           | -           | -           | -    | -                | -      | -     | 7,775              | 3,133          | 10,908         |
| 60505-10                             | -                   | -                            | 55                 | -                        | -           | -           | -           | -    | -                | -      | -     | 55                 | -              | 55             |
| <b>60599</b>                         |                     |                              | <b>7,823</b>       |                          |             |             |             |      |                  |        |       | <b>7,823</b>       | <b>3,392</b>   | <b>11,215</b>  |
| <b>Inpatient services</b>            |                     |                              |                    |                          |             |             |             |      |                  |        |       |                    |                |                |
| 60605-01                             | -                   | -                            | 56,885             | -                        | -           | -           | -           | -    | -                | -      | -     | 56,885             | 509,169        | 566,054        |
| 60605-05                             | -                   | -                            | 8,094              | -                        | -           | -           | -           | -    | -                | -      | -     | 8,094              | -              | 8,094          |
| 60605-10                             | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -              | -              |
| 60605-15                             | -                   | -                            | 366                | -                        | -           | -           | -           | -    | -                | -      | -     | 366                | 65,493         | 65,859         |
| <b>60699</b>                         |                     |                              | <b>65,345</b>      |                          |             |             |             |      |                  |        |       | <b>65,345</b>      | <b>574,662</b> | <b>640,007</b> |
| <b>Residential services</b>          |                     |                              |                    |                          |             |             |             |      |                  |        |       |                    |                |                |
| 60705-01                             | -                   | -                            | 98,426             | -                        | -           | -           | -           | -    | -                | -      | -     | 98,426             | -              | 98,426         |
| 60705-10                             | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -              | -              |
| <b>60799</b>                         |                     |                              | <b>98,426</b>      |                          |             |             |             |      |                  |        |       | <b>98,426</b>      |                | <b>98,426</b>  |
| <b>Behavioral health day program</b> |                     |                              |                    |                          |             |             |             |      |                  |        |       |                    |                |                |
| 60805-01                             | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -              | -              |
| 60805-05                             | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -              | -              |
| 60805-10                             | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -              | -              |
| <b>60899</b>                         |                     |                              |                    |                          |             |             |             |      |                  |        |       |                    |                |                |
| <b>HIV services</b>                  |                     |                              |                    |                          |             |             |             |      |                  |        |       |                    |                |                |
| 60905-05                             | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -              | -              |
| <b>60999</b>                         |                     |                              |                    |                          |             |             |             |      |                  |        |       |                    |                |                |

Health Choice Arizona, Inc.

Regional Behavioral Health Authority Program

Supplemental Schedule of Activities (continued)

Year Ended September 30, 2023

\*Disclosed on Schedule A (continued)

|  | NTXIX/XXI<br>Crisis | NTXIX/XXI<br>SMI<br>Services | NTXIX/XXI<br>Other | Housing<br>Trust<br>Fund | MHBG<br>SED | MHBG<br>SMI | MHBG<br>FEP | SABG | Other<br>Federal | County | PASRR | Total<br>NTXIX/XXI | Mgmt &<br>Gen | Grand<br>Total |
|--|---------------------|------------------------------|--------------------|--------------------------|-------------|-------------|-------------|------|------------------|--------|-------|--------------------|---------------|----------------|
| <b>BH pharmacy expenses</b>                                  |                     |                              |                    |                          |             |             |             |      |                  |        |       |                    |               |                |
| 61005-01 BH pharmacy expense                                 | \$ -                | \$ -                         | \$ 3,927           | \$ -                     | \$ -        | \$ -        | \$ -        | \$ - | \$ -             | \$ -   | \$ -  | \$ 3,927           | \$ -          | \$ 3,927       |
| <b>61099 Total pharmacy expense</b>                          | -                   | -                            | 3,927              | -                        | -           | -           | -           | -    | -                | -      | -     | 3,927              | -             | 3,927          |
| 61100-01 PPC BH title XIX                                    | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -             | -              |
| 61105-01 Other BH service expenses not reported above*       | -                   | -                            | -                  | -                        | -           | -           | -           | -    | 2,097,711        | -      | -     | 2,097,711          | -             | 2,097,711      |
| 61205-01 BH FQHC/RHC services                                | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -             | -              |
| <b>61299 Subtotal BH medical expenses</b>                    | -                   | -                            | 547,173            | -                        | -           | -           | -           | -    | 2,097,711        | -      | -     | 2,644,884          | 640,759       | 3,285,643      |
| 61305-01 Specialty and other grant expenses*                 | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -             | -              |
| <b>6998 Total BH medical expenses</b>                        | -                   | -                            | 547,173            | -                        | -           | -           | -           | -    | 2,097,711        | -      | -     | 2,644,884          | 640,759       | 3,285,643      |
| <b>Less</b>  |                     |                              |                    |                          |             |             |             |      |                  |        |       |                    |               |                |
| 70105-01 Reinsurance recoveries                              | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -             | -              |
| 70205-02 Third party liability                               | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -             | -              |
| 70305-01 Claims overpayment recoveries                       | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -             | -              |
| 70310-05 Pharmacy rebates                                    | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -             | -              |
| 70310-10 Pharmacy performance guarantees                     | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -             | -              |
| <b>85999 Total net medical expense</b>                       | -                   | -                            | 547,173            | -                        | -           | -           | -           | -    | 2,097,711        | -      | -     | 2,644,884          | 640,759       | 3,285,643      |
| <b>Administrative expenses</b>                               |                     |                              |                    |                          |             |             |             |      |                  |        |       |                    |               |                |
| 80105-01 Compensation  | -                   | -                            | 13,500             | -                        | -           | -           | -           | -    | 56,280           | -      | -     | 69,780             | 15,720        | 85,500         |
| 80205-01 Occupancy   | -                   | -                            | 1,586              | -                        | -           | -           | -           | -    | 6,609            | -      | -     | 8,195              | 1,846         | 10,041         |
| 80305-01 Depreciation  | -                   | -                            | 89                 | -                        | -           | -           | -           | -    | 369              | -      | -     | 458                | 103           | 561            |
| 80405-01 Care management/care coordination                   | -                   | -                            | 9,693              | -                        | -           | -           | -           | -    | 40,403           | -      | -     | 50,096             | 11,285        | 61,381         |
| 80505-01 Professional and outside services                   | -                   | -                            | 13,890             | -                        | -           | -           | -           | -    | 57,900           | -      | -     | 71,790             | 16,172        | 87,962         |
| 80605-01 Office supplies and equipment                       | -                   | -                            | 2,087              | -                        | -           | -           | -           | -    | 8,697            | -      | -     | 10,784             | 2,429         | 13,213         |
| 80705-01 Travel  | -                   | -                            | 94                 | -                        | -           | -           | -           | -    | 393              | -      | -     | 487                | 110           | 597            |
| 80805-01 Repair and maintenance                              | -                   | -                            | 57                 | -                        | -           | -           | -           | -    | 236              | -      | -     | 293                | 66            | 359            |
| 80905-01 Bank service charge                                 | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -             | -              |
| 81005-01 Insurance   | -                   | -                            | 719                | -                        | -           | -           | -           | -    | 2,996            | -      | -     | 3,715              | 837           | 4,552          |
| 81105-01 Marketing   | -                   | -                            | 112                | -                        | -           | -           | -           | -    | 469              | -      | -     | 581                | 131           | 712            |
| 81205-01 Interest expense                                    | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -             | -              |
| 81305-01 Pharmacy benefit manager expenses                   | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -             | -              |
| 81405-01 Fraud reduction expenses                            | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -             | -              |
| 81505-01 Third party activities                              | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -             | -              |
| 81605-01 Sub capitation block administration                 | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -             | -              |
| 81705-01 Health care quality improvement                     | -                   | -                            | 1,946              | -                        | -           | -           | -           | -    | 8,113            | -      | -     | 10,059             | 2,266         | 12,325         |
| 81810-01 Program integrity fraud, waste and abuse prevention | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -             | -              |
| 82505-01 Interpretation/translation services                 | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -             | -              |
| 83005-01 Other administrative expenses*                      | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -             | -              |
| <b>83999 Subtotal administrative expenses</b>                | -                   | -                            | 43,773             | -                        | -           | -           | -           | -    | 182,465          | -      | -     | 226,238            | 50,965        | 277,203        |

Health Choice Arizona, Inc.

Regional Behavioral Health Authority Program

Supplemental Schedule of Activities (continued)

Year Ended September 30, 2023

\*Disclosed on Schedule A (continued)

|   | NTXIX/XXI<br>Crisis | NTXIX/XXI<br>SMI<br>Services | NTXIX/XXI<br>Other | Housing<br>Trust<br>Fund | MHBG<br>SED | MHBG<br>SMI | MHBG<br>FEP | SABG | Other<br>Federal | County | PASRR | Total<br>NTXIX/XXI | Mgmt &<br>Gen | Grand<br>Total |
|---|---------------------|------------------------------|--------------------|--------------------------|-------------|-------------|-------------|------|------------------|--------|-------|--------------------|---------------|----------------|
| 83105-01 Non-title XIX/XXI encounter valuation sanctions* | \$ -                | \$ -                         | \$ -               | \$ -                     | \$ -        | \$ -        | \$ -        | \$ - | \$ -             | \$ -   | \$ -  | \$ -               | \$ -          | \$ -           |
| 83205-01 Admin expenses from specialty and other grants*  | -                   | -                            | 43,773             | -                        | -           | -           | -           | -    | 182,465          | -      | -     | 226,238            | 50,965        | 277,203        |
| <b>84999 Total administrative expense</b>                 | -                   | -                            | 43,773             | -                        | -           | -           | -           | -    | 182,465          | -      | -     | 226,238            | 50,965        | 277,203        |
| <b>86999 Total expenses</b>                               | \$ -                | \$ -                         | \$ 590,946         | \$ -                     | \$ -        | \$ -        | \$ -        | \$ - | \$ 2,280,176     | \$ -   | \$ -  | \$ 2,871,122       | \$ 691,724    | \$ 3,562,846   |
| <b>87999 Profit (loss) from operations</b>                | \$ -                | \$ -                         | \$ -               | \$ -                     | \$ -        | \$ -        | \$ -        | \$ - | \$ 633           | \$ -   | \$ -  | \$ 633             | \$ 503,926    | \$ 504,559     |
| 88999-01 Non-operations – investment income               | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -             | -              |
| 88999-02 Non-operations – other                           | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | (203,468)     | (203,468)      |
| <b>88999 Profit (loss) from non-operating</b>             | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | (203,468)     | (203,468)      |
| <b>89999 Profit/(loss) before taxes</b>                   | \$ -                | \$ -                         | \$ -               | \$ -                     | \$ -        | \$ -        | \$ -        | \$ - | \$ 633           | \$ -   | \$ -  | \$ 633             | \$ 300,458    | \$ 301,091     |
| 90105-01 Income taxes                                     | \$ -                | \$ -                         | \$ -               | \$ -                     | \$ -        | \$ -        | \$ -        | \$ - | \$ -             | \$ -   | \$ -  | \$ -               | \$ 57,987     | \$ 57,987      |
| 90205-01 Premium taxes                                    | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -             | -              |
| <b>99999 Net profit/(loss)</b>                            | \$ -                | \$ -                         | \$ -               | \$ -                     | \$ -        | \$ -        | \$ -        | \$ - | \$ 633           | \$ -   | \$ -  | \$ 633             | \$ 242,471    | \$ 243,104     |
| <b>990105-01 Community reinvestment</b>                   | \$ -                | \$ -                         | \$ -               | \$ -                     | \$ -        | \$ -        | \$ -        | \$ - | \$ -             | \$ -   | \$ -  | \$ -               | \$ 13,249     | \$ 13,249      |
| <b>990205-01 Non-covered services</b>                     | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -             | -              |
| <b>990305-01 Unreimbursed performance based payments</b>  | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -             | -              |
| <b>990405-01 Value-added services</b>                     | -                   | -                            | -                  | -                        | -           | -           | -           | -    | -                | -      | -     | -                  | -             | -              |
| <b>999999 Net profit/(loss) after 990XXX-XX accounts</b>  | \$ -                | \$ -                         | \$ -               | \$ -                     | \$ -        | \$ -        | \$ -        | \$ - | \$ -             | \$ -   | \$ -  | \$ -               | \$ 229,222    | \$ 229,855     |

Health Choice Arizona, Inc.

Regional Behavioral Health Authority Program

Supplemental Schedule of Activities (continued)

Year Ended September 30, 2023

|   | NTXIX/XXI<br>Crisis | NTXIX/XXI<br>SMI<br>Services | NTXIX/XXI<br>Other | Housing<br>Trust<br>Fund | MHBG<br>SED | MHBG<br>SMI | MHBG<br>FEP | SABG        | Other<br>Federal    | County      | PASRR       | Total<br>NTXIX/XXI  | Mgmt &<br>Gen     | Grand<br>Total      |
|---|---------------------|------------------------------|--------------------|--------------------------|-------------|-------------|-------------|-------------|---------------------|-------------|-------------|---------------------|-------------------|---------------------|
| <b>Disclosure of NTXIX/XXI other, other federal and Mgmt &amp; Gen AHCCCS revenue reported on line 40205-01</b> |                     |                              |                    |                          |             |             |             |             |                     |             |             |                     |                   |                     |
| SUDS  | \$ -                | \$ -                         | \$ 386,510         | \$ -                     | \$ -        | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        | \$ -        | \$ 386,510          | \$ -              | \$ 386,510          |
| CBHSF   | -                   | -                            | 204,436            | -                        | -           | -           | -           | -           | -                   | -           | -           | 204,436             | -                 | 204,436             |
| SOR II  | -                   | -                            | -                  | -                        | -           | -           | -           | -           | 1,309,394           | -           | -           | 1,309,394           | -                 | 1,309,394           |
| COVID-19 Supplemental   | -                   | -                            | -                  | -                        | -           | -           | -           | -           | 54,888              | -           | -           | 54,888              | -                 | 54,888              |
| MHBG CRRSAA   | -                   | -                            | -                  | -                        | -           | -           | -           | -           | 260,958             | -           | -           | 260,958             | -                 | 260,958             |
| SABG CRRSAA   | -                   | -                            | -                  | -                        | -           | -           | -           | -           | 655,569             | -           | -           | 655,569             | -                 | 655,569             |
| Title 36 (Coconino County)  | -                   | -                            | -                  | -                        | -           | -           | -           | -           | -                   | -           | -           | -                   | 378,195           | 378,195             |
| Title 36 (Mohave County)  | -                   | -                            | -                  | -                        | -           | -           | -           | -           | -                   | -           | -           | -                   | 309,838           | 309,838             |
| <b>Total NTXIX/XXI Other and Other Federal Column</b>   | <b>\$ -</b>         | <b>\$ -</b>                  | <b>\$ 590,946</b>  | <b>\$ -</b>              | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 2,280,809</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 2,871,755</b> | <b>\$ 688,033</b> | <b>\$ 3,559,788</b> |
| <b>Disclosure of specialty and other grants reported on line 40210-01</b>                                       |                     |                              |                    |                          |             |             |             |             |                     |             |             |                     |                   |                     |
| Total specialty and other grants  | \$ -                | \$ -                         | \$ -               | \$ -                     | \$ -        | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        | \$ -        | \$ -                | \$ -              | \$ -                |
| <b>Disclosure of other income reported on line 40310-01</b>   |                     |                              |                    |                          |             |             |             |             |                     |             |             |                     |                   |                     |
| Interest on note receivable from Blue Cross   | \$ -                | \$ -                         | \$ -               | \$ -                     | \$ -        | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        | \$ -        | \$ -                | \$ 507,617        | \$ 507,617          |
| <b>Total other income</b>   | <b>\$ -</b>         | <b>\$ -</b>                  | <b>\$ -</b>        | <b>\$ -</b>              | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b>         | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b>         | <b>\$ 507,617</b> | <b>\$ 507,617</b>   |
| <b>Disclosure of supported housing reported on line 60405-30</b>  |                     |                              |                    |                          |             |             |             |             |                     |             |             |                     |                   |                     |
| Rental subsidy  | \$ -                | \$ -                         | \$ -               | \$ -                     | \$ -        | \$ -        | \$ -        | \$ -        | \$ -                | \$ -        | \$ -        | \$ -                | \$ -              | \$ -                |
| Management fees   | -                   | -                            | -                  | -                        | -           | -           | -           | -           | -                   | -           | -           | -                   | -                 | -                   |
| Utility payments  | -                   | -                            | -                  | -                        | -           | -           | -           | -           | -                   | -           | -           | -                   | -                 | -                   |
| Repair & Maintenance  | -                   | -                            | -                  | -                        | -           | -           | -           | -           | -                   | -           | -           | -                   | -                 | -                   |
| Damages   | -                   | -                            | -                  | -                        | -           | -           | -           | -           | -                   | -           | -           | -                   | -                 | -                   |
| Deposits  | -                   | -                            | -                  | -                        | -           | -           | -           | -           | -                   | -           | -           | -                   | -                 | -                   |
| Start UP  | -                   | -                            | -                  | -                        | -           | -           | -           | -           | -                   | -           | -           | -                   | -                 | -                   |
| Eviction prevention   | -                   | -                            | -                  | -                        | -           | -           | -           | -           | -                   | -           | -           | -                   | -                 | -                   |
| Housing trust fund - construction/improvements  | -                   | -                            | -                  | -                        | -           | -           | -           | -           | -                   | -           | -           | -                   | -                 | -                   |
| <b>Total supported housing</b>  | <b>\$ -</b>         | <b>\$ -</b>                  | <b>\$ -</b>        | <b>\$ -</b>              | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b>         | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b>         | <b>\$ -</b>       | <b>\$ -</b>         |
| <b>Disclosure of non-title XIX/XXI other services reported on line 61105-01</b>                                 |                     |                              |                    |                          |             |             |             |             |                     |             |             |                     |                   |                     |
| SOR II  | \$ -                | \$ -                         | \$ -               | \$ -                     | \$ -        | \$ -        | \$ -        | \$ -        | \$ 1,203,509        | \$ -        | \$ -        | \$ 1,203,509        | \$ -              | \$ 1,203,509        |
| COVID-19 Supplemental   | -                   | -                            | -                  | -                        | -           | -           | -           | -           | 50,998              | -           | -           | 50,998              | -                 | 50,998              |
| SABG CRRSAA   | -                   | -                            | -                  | -                        | -           | -           | -           | -           | 603,123             | -           | -           | 603,123             | -                 | 603,123             |
| MHBG CRRSAA   | -                   | -                            | -                  | -                        | -           | -           | -           | -           | 240,081             | -           | -           | 240,081             | -                 | 240,081             |
| <b>Total other services</b>   | <b>\$ -</b>         | <b>\$ -</b>                  | <b>\$ -</b>        | <b>\$ -</b>              | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 2,097,711</b> | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 2,097,711</b> | <b>\$ -</b>       | <b>\$ 2,097,711</b> |

Health Choice Arizona, Inc.  
Regional Behavioral Health Authority Program  
Supplemental Schedule of Activities (continued)  
Year Ended September 30, 2023

|   | NTXIX/XXI<br>Crisis | NTXIX/XXI<br>SMI<br>Services | NTXIX/XXI<br>Other | Housing<br>Trust<br>Fund | MHBG<br>SED | MHBG<br>SMI | MHBG<br>FEP | SABG  | Other<br>Federal | County | PASRR | Total<br>NTXIX/XXI | Mgmt &<br>Gen | Grand<br>Total |
|---|---------------------|------------------------------|--------------------|--------------------------|-------------|-------------|-------------|-------|------------------|--------|-------|--------------------|---------------|----------------|
| Disclosure of specialty and other grants reported on line 61305-01                              | \$ --               | \$ --                        | \$ --              | \$ --                    | \$ --       | \$ --       | \$ --       | \$ -- | \$ --            | \$ --  | \$ -- | \$ --              | \$ --         | \$ --          |
| Total specialty and other grants expenses   | \$ --               | \$ --                        | \$ --              | \$ --                    | \$ --       | \$ --       | \$ --       | \$ -- | \$ --            | \$ --  | \$ -- | \$ --              | \$ --         | \$ --          |
| Disclosure of non-title XIX/XXI other admin expenses reported on line 83005-01                  | \$ --               | \$ --                        | \$ --              | \$ --                    | \$ --       | \$ --       | \$ --       | \$ -- | \$ --            | \$ --  | \$ -- | \$ --              | \$ --         | \$ --          |
| Total non-title XIX/XXI other admin expenses  | \$ --               | \$ --                        | \$ --              | \$ --                    | \$ --       | \$ --       | \$ --       | \$ -- | \$ --            | \$ --  | \$ -- | \$ --              | \$ --         | \$ --          |
| Disclosure of non-title XIX/XXI encounter valuation reported on line 83105-01                   | \$ --               | \$ --                        | \$ --              | \$ --                    | \$ --       | \$ --       | \$ --       | \$ -- | \$ --            | \$ --  | \$ -- | \$ --              | \$ --         | \$ --          |
| Total non-title XIX/XXI encounter valuation sanctions   | \$ --               | \$ --                        | \$ --              | \$ --                    | \$ --       | \$ --       | \$ --       | \$ -- | \$ --            | \$ --  | \$ -- | \$ --              | \$ --         | \$ --          |
| Disclosure of administrative expenses from specialty and other grants reported on line 83205-01 | \$ --               | \$ --                        | \$ --              | \$ --                    | \$ --       | \$ --       | \$ --       | \$ -- | \$ --            | \$ --  | \$ -- | \$ --              | \$ --         | \$ --          |
| Total Adm Expenses from Specialty and Other Grants Expenses                                     | \$ --               | \$ --                        | \$ --              | \$ --                    | \$ --       | \$ --       | \$ --       | \$ -- | \$ --            | \$ --  | \$ -- | \$ --              | \$ --         | \$ --          |

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