

STATUTORY FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION AND SCHEDULE
REQUIRED BY THE UNIFORM GUIDANCE

Harvard Pilgrim Health Care, Inc.
Years Ended December 31, 2023 and 2022
With Reports of Independent Auditors

Ernst & Young LLP



Harvard Pilgrim Health Care, Inc.

Audited Statutory Financial Statements and Supplementary Information

Years Ended December 31, 2023 and 2022

Contents

Report of Independent Auditors 1

Statutory Financial Statements

Statements of Admitted Assets, Liabilities, and Capital and Surplus.....4

Statements of Operations.....5

Statements of Changes in Capital and Surplus6

Statements of Cash Flow7

Notes to Statutory Financial Statements8

Supplementary Information

Schedule of Expenditures of Federal Awards47

Notes to Schedule of Expenditures of Federal Awards55

Report of Independent Auditors on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*56

Report of Independent Auditors on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance Required by the *Uniform Guidance*58

Schedule of Findings and Questioned Costs61



Ernst & Young LLP
200 Clarendon Street
Boston, MA 02116
Tel: +1 617 266 2000
Fax: +1 617 266 5843
ey.com

Report of Independent Auditors

To the Board of Directors
Harvard Pilgrim Health Care, Inc.

Opinion

We have audited the statutory-basis financial statements of Harvard Pilgrim Health Care, Inc. (the Company), which comprise the statements of admitted assets, liabilities, and capital and surplus as of December 31, 2023 and 2022, and the related statements of operations, changes in capital and surplus and cash flow for the years then ended, and the related notes to the financial statements (collectively referred to as the “financial statements”).

Unmodified Opinion on Statutory Basis of Accounting

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended, on the basis of accounting described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Company at December 31, 2023 and 2022, or the results of its operations or its cash flows for the years then ended.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 to the financial statements, the Company prepared these financial statements using accounting practices prescribed or permitted by the Division of Insurance of the Commonwealth of Massachusetts, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these

statutory accounting practices described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices prescribed or permitted by the Division of Insurance of the Commonwealth of Massachusetts. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from 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 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 from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 *Schedule of Expenditures of Federal Awards* as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is 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 audit 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2024 on our consideration of the Company’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Company’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company’s internal control over financial reporting and compliance.

Ernst + Young LLP

September 30, 2024

Harvard Pilgrim Health Care, Inc.

Statutory Statements of Admitted Assets, Liabilities, and Capital and Surplus (Dollars In Thousands)

	December 31	
	2023	2022
Admitted assets		
Cash and invested assets:		
Cash, cash equivalents, (overdrafts), and short-term investments	20,438	14,471
Bonds	206,126	219,981
Common stocks	129,236	156,026
Common stocks - affiliates	275,120	270,379
Other invested assets	204,496	198,638
Real estate	18,883	23,967
Receivables for securities	456	—
Total cash and invested assets	854,755	883,462
Premiums receivable (net of allowances of \$441 in 2023 and \$134 in 2022)	77,933	13,344
Receivable related to uninsured plans	48,303	42,724
Pharmaceutical rebates and health care receivable	80,702	51,612
Investment income due and accrued	1,332	691
Receivable from subsidiaries and affiliates	10,366	24,322
Other admitted assets	36,304	85,756
Total admitted assets	\$ 1,109,695	\$ 1,101,911
Liabilities, capital and surplus		
Liabilities:		
Reserves for unpaid claims	\$ 176,375	\$ 136,819
Health policy reserves	10,347	11,199
Accrued medical incentive pool and bonus amounts	38,477	27,186
Unpaid claim adjustment expense	3,722	2,937
Unearned premiums	49,130	30,584
General expenses due or accrued	77,625	61,161
Payable to subsidiaries and affiliates	15,254	56,771
Amounts held under uninsured plans	94,114	84,264
ACA premium liabilities	2,785	7,103
Debt and interest	20,000	40,110
Investment settlements payable	639	80
Other liabilities	7,219	7,720
Total liabilities	495,687	465,934
Capital and surplus:		
Total capital and surplus	614,008	635,977
Total liabilities, capital and surplus	\$ 1,109,695	\$ 1,101,911

See accompanying notes.

Harvard Pilgrim Health Care, Inc.

Statutory Statements of Operations
(Dollars In Thousands)

	December 31	
	2023	2022
Net premium income, net of reinsurance	\$ 2,030,689	\$ 1,707,416
Benefits and expenses:		
Health benefits	1,763,420	1,457,942
Claims adjustment expenses	57,858	62,773
General and administrative expenses	272,877	232,419
Total benefits and expenses	<u>2,094,155</u>	<u>1,753,134</u>
Underwriting loss	(63,466)	(45,718)
Net investment income	17,235	22,469
Net realized capital gains (losses)	4,921	(33)
Other loss	(9,898)	(9,423)
Net loss	<u>\$ (51,208)</u>	<u>\$ (32,705)</u>

See accompanying notes.

Harvard Pilgrim Health Care, Inc.

Statutory Statements of Changes in Capital and Surplus
(Dollars In Thousands)

	Total Capital and Surplus
	<u> </u>
Balance at January 1, 2022	\$ 710,988
Net loss	(32,705)
Change in net unrealized loss	(83,716)
Capital contribution from parent	35,000
Change in net prior service costs and recognized gain for postretirement medical plan	860
Change in non-admitted assets	<u>5,550</u>
Balance at December 31, 2022	635,977
Net loss	(51,208)
Change in net unrealized gain	26,154
Change in net prior service costs and recognized (loss) for postretirement medical plan	(185)
Change in nonadmitted assets	<u>3,270</u>
Balance at December 31, 2023	<u>\$ 614,008</u>

See accompanying notes.

Harvard Pilgrim Health Care, Inc.

Statutory Statements of Cash Flow
(Dollars In Thousands)

	2023	2022
Operating activities		
Premiums received, net of reinsurance	\$ 2,004,828	\$ 1,687,500
Net investment income received	17,400	25,116
Benefits and loss related payments, net of reinsurance	(1,714,756)	(1,521,147)
Commissions, general and administrative expenses paid	(310,111)	(343,714)
Net cash used in operating activities	<u>(2,639)</u>	<u>(152,245)</u>
Investing activities		
Proceeds from investments sold, matured or repaid:		
Bonds	49,277	190,693
Stocks	50,808	15,531
Other invested assets	3,489	6,725
Cost of investments acquired:		
Bonds	(35,580)	(181,251)
Stocks	(4,812)	(43,497)
Real estate	(22)	(1,619)
Other invested assets	(1,488)	(31,170)
Other cash provided by (used in) investing activities	<u>61,672</u>	<u>(44,588)</u>
Financing activities and miscellaneous sources		
Capital contribution from Point32Health, Inc.	—	35,000
Borrowed money	(20,110)	102
Other cash provided (applied)	(32,956)	71,911
Other cash (applied) provided by financing and miscellaneous activities	<u>(53,066)</u>	<u>107,013</u>
Net increase (decrease) in cash, and cash equivalents and short-term investments	5,967	(89,820)
Cash, cash equivalents, (overdrafts), and short-term investments at beginning of year	14,471	104,291
Cash, cash equivalents, (overdraft), and short-term investments at end of year	<u>\$ 20,438</u>	<u>\$ 14,471</u>
NON-CASH ACTIVITIES DURING THE YEAR:		
Non-cash capital contribution to Harvard Pilgrim Health Care of New England, Inc.	\$ —	\$ 25,000

See accompanying notes.

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements (Dollars in Thousands)

1. Organization

Harvard Pilgrim Health Care, Inc. (“HPHC, Inc.” or the “Company”) a Massachusetts corporation, operates as a not-for-profit health plan providing comprehensive health benefits insurance, access to health care, and other related services in Massachusetts, Maine, and Connecticut to group, individual, and Medicare members through contracts with physicians, established primary care and multispecialty physician groups, hospitals, and other health care providers. HPHC, Inc. also administers comprehensive health benefit plans for certain self-insured employer groups. Point32Health, Inc. (P32H) is the corporate parent of HPHC, Inc., Tufts Associated Health Maintenance Plan, Inc., and Tufts Health Public Plans, Inc. and affiliates.

HPHC, Inc.’s subsidiary, New HPHC Holding Corporation (“New HPHC Holding”), is a wholly owned Delaware C corporation. All of HPHC, Inc.’s for-profit entities are held by New HPHC Holding. New HPHC Holding’s board of directors consists entirely of members of management of Point32Health, Inc., the parent organization of HPHC, Inc. The for-profit subsidiaries of New HPHC Holding are as follows:

- HPHC Insurance Company, Inc. (the “Insurance Company”) a Massachusetts for-profit corporation, underwrites individual and group health insurance in Massachusetts, New Hampshire, Maine, and Connecticut and underwrites health risks related to out-of-network coverage for HPHC, Inc. members.
- Health Plans, Inc. (“HPI”) a Massachusetts for-profit corporation, is a third-party administrator providing health, dental and short-term disability benefits administration for self-insured employer groups primarily in the Northeast. HPI has two for-profit subsidiaries: Plan Marketing Insurance Agency, Inc. (“PMI”) and Care Management Services, Inc. (“CMS”), as well as three subsidiaries that are disregarded entities for tax purposes: TrestleTree, LLC (“TrestleTree”), MedWatch, LLC (“MedWatch”), and Employer’s Health Nexus (“EHN”), which are care management companies. HPI’s acquisition of EHN was completed on June 30, 2022.
- HPHC Insurance Agency (the “Agency”) a Massachusetts for-profit corporation, is an insurance broker.

The not-for-profit subsidiaries of HPHC, Inc. are as follows:

- Harvard Pilgrim Health Care of New England, Inc. (“New England”) a Massachusetts not-for-profit corporation, provides comprehensive health insurance, access to health care, and other related services in New Hampshire primarily to group and Medicare members through contracts with physicians, established primary care and multi-specialty physician groups, hospitals, and other health care providers.

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements (Dollars in Thousands)

1. Organization (continued)

- Harvard Pilgrim Health Care Institute, LLC (the “Institute”) performs research and research administration for grants and contracts awarded to HPHC, Inc.
- In 2021, Harvard Pilgrim Health Care Foundation, Inc. (HPHCF) a Massachusetts not-for-profit corporation, was an affiliate of HPHC, Inc. and was not included in these statutory financial statements. On January 1, 2022, Tufts Health Plan Foundation, Inc. (THPF), a Massachusetts charitable corporation, and HPHCF merged into one foundation under Point32Health, Inc. to be known as the Point32Health Foundation, Inc.

In the event of the Company’s insolvency, contracting providers are required to continue to provide covered services to members through the period for which premium has been paid and, for members who are inpatient on the date of insolvency, until their discharge. Contracting providers are prohibited from seeking compensation for such services from members.

Net premium income by lines of business for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Comprehensive	\$ 2,031,590	\$ 1,705,180
Medicare	(901)	2,236
	<u>\$ 2,030,689</u>	<u>\$ 1,707,416</u>

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements (Dollars in Thousands)

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying statutory financial statements of the Company have been prepared in accordance with the National Association of Insurance Commissioners (NAIC) Accounting Practices and Procedures Manual for Statutory Accounting Principles (“NAIC SAP”), which are prescribed or permitted by the Division of Insurance of the Commonwealth of Massachusetts. NAIC SAP does differ from the accounting principles generally accepted in the United States of America (GAAP).

The significant variances from GAAP are as follows:

Statements of Cash Flow: Cash, cash equivalents, (overdraft), and short-term investments in the statements of cash flow represent cash balances and investments with initial maturities of one year or less. Under GAAP, the corresponding caption of cash and cash equivalents includes cash balances and investments with initial maturities of three months or less. GAAP requires classification of aggregate negative cash balances for an individual financial institution as a current liability. For NAIC SAP, these balances are recorded in cash. Money market mutual funds registered under the Investment Company Act of 1940 and regulated under Rule 2a-7 of the Act are accounted for and reported as cash equivalents.

Investments: Investments in bonds are reported at amortized cost or fair value based on their NAIC rating; for GAAP, such fixed maturity investments would be designated at purchase as held-to-maturity, trading, or available-for-sale. Held-to-maturity fixed investments would be reported at amortized cost. Fixed maturity investments designated as trading would be reported at fair value with unrealized holding gains and losses reported in operations. Fixed maturity investments designated as available-for-sale would be reported at fair value with unrealized gain and loss reported as a separate component of surplus. For GAAP, effective January 1, 2023, the credit loss component of impaired fixed income securities would be separated from the amount related to all other factors and the credit loss component would be reported as credit loss expense. The impairment loss component related to all other factors is reported in accumulated other comprehensive income.

Investments in equity securities are reported at fair value with unrealized gain and loss reported as a separate component of surplus. Equity investments for GAAP would be reported at fair value with unrealized holding gains and losses reported in operations.

The Company’s share of undistributed earnings and losses on its investments in limited partnerships, joint ventures, and common stock are reported in net unrealized gains and losses directly through surplus for NAIC SAP but are recorded in investment income for GAAP.

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements (Dollars in Thousands)

2. Summary of Significant Accounting Policies (continued)

Nonadmitted Assets: Certain assets, principally prepaid expenses, past due receivables from parent, subsidiaries and affiliates, past due premium, health care, uninsured plan, and risk corridor receivables, furniture, fixtures and equipment, leasehold improvements, non-operating system software, and net deferred tax assets in excess of the admissibility criteria, are nonadmitted and, as such, are not included in statutory capital and surplus and are charged directly to unassigned surplus. Under GAAP, such assets are included in the balance sheets, net of allowance.

Other Invested Assets: The Company has minority ownership interests (i.e., less than 20%) in commingled trusts, joint ventures, limited partnerships, and limited liability companies. The Company's ownership in these investments is less than 5% on an individual basis. Under statutory accounting, the Company carries all of these interests on the equity method based on its share of the underlying audited GAAP equity of the investees.

Subsidiaries: The accounts and operations of HPHC, Inc.'s subsidiaries are not consolidated with the accounts and operations of HPHC, Inc. as would be required under GAAP. They are reported in common stocks-affiliates at their underlying statutory equity. Non-insurance subsidiaries are reported based on the underlying audited GAAP equity, including the admitted portion of goodwill.

The effects of variances from GAAP on the accompanying statutory financial statements have not been determined but are presumed to be material.

Other significant accounting practices are as follows:

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts and disclosures included in the financial statements. Actual results could differ from those estimates.

Cash, Cash Equivalents, (Overdrafts), and Short-Term Investments

Cash, cash equivalents, (overdrafts), and short-term investments consist of amounts on deposit with banks, short-term money market instruments, and government and corporate debt issues with remaining maturities of one year or less at the time of acquisition and are principally stated at cost, which approximates fair value. Money market funds are included in cash equivalents and carried at fair value.

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements (Dollars in Thousands)

2. Summary of Significant Accounting Policies (continued)

Investments

Bonds and common stocks are stated at values prescribed by the NAIC, as follows: Bonds not backed by other loans are principally stated at amortized cost using the interest method. Bond Exchange Traded Funds (ETFs) are classified as bonds and carried at fair value. Changes to fair value are credited or charged to unassigned surplus (deficit) .

Common stocks are reported at fair value and the related net unrealized gains (losses) are reported in unassigned surplus.

Single class and multi-class mortgage-backed/asset-backed securities (MBS/ABS) are valued at amortized cost using the interest method including anticipated prepayments. Prepayment assumptions are obtained from dealer surveys or internal estimates and are based on the current interest rate and economic environment. The retrospective adjustment method is used to value all such securities.

Realized capital gains and losses are determined using the average weighted cost method.

Amortization of bond premium and accretion of bond discount are recognized on a yield-basis method.

Unrealized gains and losses on stocks and bonds deemed ineligible to be held at amortized cost by the NAIC Securities Valuation office (SVO) are recorded directly to capital and surplus unless that loss is deemed to be an other-than-temporary impairment (OTTI). The Company regularly reviews the portfolio of securities to determine whether an OTTI has occurred. Any identified OTTI is recorded in net realized capital gains (losses) in the statutory statements of operations.

Realized gains and losses on fixed income securities are calculated using the specific identification method.

Investment income is recognized as income when earned. Investment transactions are accounted for on a trade-date basis with any unsettled transactions recorded as payable or receivable for securities in the statutory statements of admitted assets, liabilities, and capital and surplus.

Other Invested Assets

Other invested assets consists of investments in joint ventures, commingled trusts, venture capital funds and limited partnerships that invest primarily in certain corporate and real estate assets, and carries these investments based on its ownership interest in the underlying GAAP equity of the investee in accordance with SSAP No. 48, Joint Ventures, Partnerships and Limited

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements (Dollars in Thousands)

2. Summary of Significant Accounting Policies (continued)

Liability Companies. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods for 2023 and 2022. Limited partnership interests and joint ventures of \$133,920 and \$139,561 are included in other invested assets in the statutory statements of admitted assets, liabilities, capital and surplus as of December 31, 2023 and December 31, 2022, respectively. All changes to the carrying value of these investments are recorded as a component of unrealized gains and losses, which are recorded directly to capital and surplus. As of December 31, 2023 and 2022, the Company received \$0 and \$0 as a final return of capital from disposed investments.

HPHC's insurance subsidiaries are reported at their underlying audited statutory equity as discussed in Note 3. The net changes in the subsidiaries' equity are included in the change in net unrealized gain or loss.

Investments in non-insurance subsidiaries that have no significant ongoing operations other than to hold assets that are primarily for the direct or indirect benefit or use of the Company, or its affiliates are recorded based on the underlying audited GAAP equity of the respective entity adjusted to a statutory basis of accounting. Investments in non-insurance subsidiaries that have significant ongoing operations beyond the holding of assets that are primarily for the direct or indirect benefit or use of the Company, or its affiliates are recorded based on the audited GAAP equity of the investee. The subsidiaries' change in net assets, is included in change in net unrealized gain.

Real Estate, Furniture, EDP Equipment and Software

Real estate (including improvements), furniture, and electronic data processing (EDP) equipment and software are carried at depreciated cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets as follows:

Building and improvements	20-40 years
Equipment, furniture, and fixtures	5-7 years
Computer software and operating systems	3-5 years
Leasehold improvement	Shorter of the life or length of the lease

Receivable Related to Uninsured Plans

The Company's receivable related to uninsured plans includes costs that are reimbursed to the Company by providers as part of the Company's supplemental provider payments program, and

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements (Dollars in Thousands)

2. Summary of Significant Accounting Policies (continued)

receivables associated with the Centers for Medicare & Medicaid Services (CMS) Part D Settlement program.

Premiums Receivable

Premiums receivable are reported net of an allowance for uncollectible accounts based on historical collection trends and management's judgment on the collectability of these accounts as well as net of any nonadmitted amounts.

These collection trends, as well as prevailing and anticipated economic conditions, are routinely monitored by management, and any adjustments required are reflected in current operations.

Pharmaceutical Rebates and Healthcare Receivables

The Company's provider agreements include pharmacy rebates as a component of the risk incentive arrangements, which are included in the statutory statements of admitted assets, liabilities, and capital and surplus in pharmaceutical rebates and health care receivable. Rebates are included in the provider settlements on a cash basis through the settlement date. Health care receivables admitted related to rebates include an estimated amount for the most recent quarter and amounts billed and expected to be collected within 60 days of year end. All other amounts are considered to be nonadmitted assets and charged to unassigned surplus.

Premium Stabilization Program and Other ACA Provisions

The Affordable Care Act (ACA) established risk spreading premium stabilization programs effective January 1, 2014. This program includes a permanent risk adjustment program and is taken into consideration to determine compliance with the minimum Medical Loss Ratio (MLR) requirements.

The risk adjustment provisions of the ACA are permanent regulations and apply to market reform compliant individual and small group plans in the commercial markets. Under the program, each covered member is assigned a risk score based upon demographic information and applicable diagnostic codes from current year paid claims, in order to determine an average risk score for each plan in a particular state and market risk pool. Generally, a plan with a risk score that is less than the state's average risk score will pay into the pool, while a plan with a risk score that is greater than the state's average will receive money from the pool. The Company records its best estimate of the risk adjustment receivable or payable as an adjustment to net premium income in the statements of operations and expects to refine its estimate as new information becomes available.

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements (Dollars in Thousands)

2. Summary of Significant Accounting Policies (continued)

Premium Deficiency Reserves

A premium deficiency reserve is recognized when the expected claims payments and administrative expenses exceed the premiums to be collected for the remainder of the contract period. A premium deficiency reserve is recorded for the excess costs, with a corresponding charge to operations. Anticipated investment income is considered in the calculation of premium deficiency reserves.

For purposes of determining whether a premium deficiency exists, contracts are grouped in a manner consistent with HPHC Inc.'s method of acquiring, servicing and measuring the profitability of such contracts. No premium deficiency reserve was required to be recorded in either 2023 or 2022.

Revenue Recognition

Premiums are recognized as revenue in the month in which members are entitled to receive health care services. Premium income collected prior to the month for which the member is entitled to service is recorded as premiums received in advance. Unearned premium reserves are established to cover the unexpired portion of premiums written and are computed by pro rata methods. Premiums are reported net of an allowance for estimated uncollectible amounts. Premiums received in advance of contractual coverage periods are reported as unearned premiums in the Company's statements of admitted assets, liabilities, and capital and surplus and recognized as revenue when earned.

HPHC, Inc.'s government contracts establish monthly rates per member, and there may be additional amounts due to HPHC, Inc. based on items such as age, working status, or specific health issues of the member. The CMS has implemented a risk adjustment formula, which apportions premiums paid to all Medicare Advantage health plans according to the health status of each beneficiary enrolled.

Premiums

The Company's Commercial and Medicare contracts establish fixed, monthly premium rates per member (PMPM), which are generally determined at the beginning of each new contract renewal period; however, premiums may be adjusted throughout the term of the contracts in certain cases.

Risk Adjustment Premiums

The Company's Medicare Part D contracts allow for premiums to be adjusted based on the actual experience, or the relative health status, of members. Under CMS's risk adjustment

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements
(Dollars in Thousands)

2. Summary of Significant Accounting Policies (continued)

methodology, the risk adjusted premium payment is calculated using diagnosis data from hospital inpatient, hospital outpatient and physician treatment settings that is captured and submitted by the Company and health care providers within prescribed deadlines. Risk adjustment data for the Company's plans are subject to review by the government, including audit by regulators.

Minimum MLR

The Company's Commercial and Medicare contracts are subject to minimum MLR rebate requirements, which require us to expend a minimum percentage of premiums on eligible medical benefits expense. To the extent that the Company expends less than the minimum percentage of the premiums on eligible medical benefits, the Company is required to refund or rebate the difference between the minimum and the actual allowable medical benefits expense. In accordance with Statement of Statutory Accounting Principles (SSAP) No. 66, Retrospectively Rated Insurance Contracts, the Company records the estimated rebates as an offset to net premium income in the statements of operations and records the payable in health policy reserves on the statutory statements of admitted assets, liabilities, and capital and surplus.

CMS Risk Corridor

The Company's Medicare Part D prescription drug insurance premiums are subject to risk sharing in accordance with CMS and state contractual provisions. The risk corridor calculations compare the actual cost experience to the target amount of prescription drug and medical costs. The Company receives additional premium if the actual cost experience is more than the target amount, and the Company refunds premiums if the actual cost experience is less than the target amount. Based on the risk corridor provisions and activity-to-date, an estimated receivable or payable is recorded as an adjustment to net premium income. The corresponding asset or liability is reflected in premiums receivable or health policy reserves.

The monthly payments the Company receives from CMS under the Medicare Part D prescription drug insurance contracts also include:

Catastrophic Reinsurance and Low-Income Cost Sharing Subsidies: CMS subsidizes most of the prescription drug costs which exceed the members' out-of-pocket threshold and all or a portion of cost sharing amounts (deductibles, coinsurance, etc.) for qualifying low-income members. CMS pays the Company a cost reimbursement estimates each month to fund their obligation, and the Company administers and pays the subsidized portion of the claims on their behalf. A final reconciliation and settlement of these subsidies is made with CMS based on actual experience after the end of each contract year. These subsidies

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements (Dollars in Thousands)

2. Summary of Significant Accounting Policies (continued)

represent cost reimbursements under the Medicare Part D plans for which the Company is not at risk. Accordingly, the amounts received for these subsidies are not reflected as premium revenues, but rather are accounted for as receivables and liabilities related to uninsured plans.

Coverage Gap Drug Discount: The ACA mandated a consumer discount on brand name prescription drugs for Medicare Part D participants in the coverage gap (the so-called “donut hole”). This discount is funded by CMS and pharmaceutical manufacturers while the Company administers the application of these funds. Accordingly, amounts received are not reflected as premium revenues, but rather are accounted for as deposits. The Company records a liability when amounts are received from CMS and a receivable when the Company bills the pharmaceutical manufacturers.

Self-Insured Contracts

HPHC, Inc. administers employee health benefits for certain self-insured employer groups under various administrative services only (ASO) arrangements wherein it performs eligibility management, medical management, claims processing, and disbursement activities in return for an administrative fee. The employer assumes all insurance risks under these arrangements. Premium and claim expenses are not included in HPHC, Inc.’s statutory financial statements. The administrative fees earned are reported as a reduction of general and administrative expenses in HPHC, Inc.’s statutory statements of operations. The receivable related to uninsured plans includes receivables for administrative services and for claims and other expenses paid on behalf of self-insured employer groups. The amounts held under uninsured plans represents deposits received from employers or liabilities to third parties for claims or other expenses incurred on behalf of self-insured employer groups.

Health Policy Reserves, Reserves for Unpaid Claims, Accrued Medical Incentive Pool and Bonus Amounts

Health benefits include amounts paid or payable to hospitals, physicians, pharmacy benefit managers and providers of ancillary services, and also include certain medically-related administrative costs. The Company recognizes the cost of these services in the period in which services are provided. The costs recognized for accident and health benefits are reduced by the amount of pharmacy rebates earned, which are estimated based on historical utilization of specific pharmaceuticals, current utilization and contract terms. Pharmacy rebates earned but not yet received from pharmaceutical manufacturers are included in pharmaceutical rebates and healthcare receivable in the accompanying statements of admitted assets, liabilities, and capital and surplus.

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements *(Dollars in Thousands)*

2. Summary of Significant Accounting Policies (continued)

Health benefits and the reserve for unpaid claims include estimates of the Company's obligations for healthcare services that have been provided to members prior to December 31, but have not been paid, including claims that have been incurred but not reported (IBNR). These estimates are based on actuarial processes that are consistently applied and consider factors such as historical claims experience, claim processing lag times, cost and utilization trends, provider rate changes, membership volume and demographics, benefit plan changes, and business mix changes related to products, customers and geography. The estimate also includes a provision for adverse changes in claim frequency and severity.

The Company's estimate of the reserve for unpaid claims represents management's best estimate, which management believes is reasonable and adequate to cover the Company's obligations at December 31 however, actual claim payments may differ from the Company's estimates. Given the extensive degree of judgment inherent in the Company's actuarial processes, and the sensitivity to differences between assumptions and actual experience, the subsequent development of these reserves can vary from the recorded amounts and the differences could be material in some cases. The Company reviews its previous estimates each period based on actual claim submissions, or as more complete claim information becomes available. Any changes in estimates are reflected in health benefits and reserves for unpaid claims in the period in which the change is identified. Although considerable variability is inherent in such estimates, management believes that these reserves are adequate.

Risk Sharing Arrangements

The Company records an accrued medical incentive pool liability based on contractual arrangements with various health care providers. Compensation arrangements vary by provider. Hospital and medical expenses include claims payments, capitation payments, and various other costs incurred to provide and manage medical care provided to members, as well as estimates of future payments to hospitals and others for medical care provided to members in the current year based on the Company's claims experience. Certain providers are paid on a fee-for-service basis and can be eligible for bonuses based on meeting prescribed quality performance measures. The Company pays capitation under contractual agreements to a number of physicians and provider groups based on the number of enrolled Company members served by each physician or provider group. Certain providers have entered into risk-sharing arrangements with the Company, whereby a settlement is calculated by comparing actual medical claims experience to a budgeted amount based upon contractual arrangements. These settlements are estimated and accrued during the period the related services were rendered and adjusted in future periods as final settlements are determined.

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements *(Dollars in Thousands)*

2. Summary of Significant Accounting Policies (continued)

Claims Adjustment Expenses

The Company records claims adjustment expenses to cover settlement expenses for all claims incurred through December 31. The amount of the estimated liability is based on current membership statistics, cost and utilization trends and other related information. The methods for making such estimates and for establishing the liability are continually reviewed and any adjustments are reflected in current operations and accounted for as changes in estimates.

Accrued Retrospective Premium

The Company has a limited number of contracts with retrospective rating features in which the insured client may have a periodic adjustment involving the return of a portion of their premium or a payment of an additional premium based on their actual loss experience over the policy period. The methods for making such estimates and for establishing the liability are continually reviewed and any adjustments are reflected in current operations and accounted for as changes in estimates.

Reinsurance

To help manage exposure to loss, the Company has entered into an aggregate stop-loss reinsurance agreement. Premiums ceded in accordance with the agreement are netted against net premium income, and any recoverable losses are treated as an offset to health benefits expense in the statements of operations and the receivable is included in pharmaceutical rebates and health care receivables on the statements of admitted assets, liabilities, and capital and surplus. The Company remains primarily obligated for amounts ceded in the event that the reinsurer does not meet its obligations and, in such cases, would then be required to recognize the full obligations in its financial statements.

Risk Due to Certain Concentrations

HPHC, Inc. maintains evergreen contracts with certain providers under which a significant portion of hospital and medical services are provided. Financial terms are subject to renegotiations periodically. Management believes the risks associated with the loss of any one employer group contract are mitigated by the existence of a competitive environment within the geographical area in which HPHC, Inc. operates. No single customer constituted more than 2.5% and 3.2% of HPHC, Inc.'s premium income in 2023 and 2022, respectively.

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements
(Dollars in Thousands)

3. Investments

A summary of bonds and equity securities at December 31, 2023 and 2022, is as follows:

	Book/ Adjusted Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
2023				
U.S. government debt securities	\$ 44,307	\$ 231	\$ (1,430)	\$ 43,108
Corporate bonds	17,202	137	(521)	16,818
Municipal bonds	2,418	7	(119)	2,306
MBS and ABS	142,199	835	(7,818)	135,216
Total bonds	206,126	1,210	(9,888)	197,448
Common stocks	88,727	42,457	(1,948)	129,236
Total bonds and common stocks	<u>\$ 294,853</u>	<u>\$ 43,667</u>	<u>\$ (11,836)</u>	<u>\$ 326,684</u>
2022				
U.S. government debt securities	\$ 32,298	\$ 100	\$ (1,805)	\$ 30,593
Corporate bonds	26,954	58	(1,479)	25,533
Municipal bonds	2,534	—	(205)	2,329
MBS and ABS	158,195	782	(10,092)	148,885
Total bonds	219,981	940	(13,581)	207,340
Common stocks	129,419	33,589	(6,983)	156,026
Total bonds and common stocks	<u>\$ 349,400</u>	<u>\$ 34,529</u>	<u>\$ (20,564)</u>	<u>\$ 363,366</u>

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements
(Dollars in Thousands)

3. Investments (continued)

The Company owned debt and equity securities at December 31, 2023 and 2022 that had total gross unrealized losses as follows:

	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
2023						
U.S. government securities	\$ 18,027	\$ (435)	\$ 11,484	\$ (995)	\$ 29,511	\$ (1,430)
Corporate bonds	3,064	(20)	11,018	(501)	14,082	(521)
Municipal bonds	605	(25)	1,011	(94)	1,616	(119)
MBS and ABS	5,578	(61)	95,782	(7,757)	101,360	(7,818)
Common stocks	1,515	(18)	17,162	(1,930)	18,677	(1,948)
Total bonds and common stocks	<u>\$ 28,789</u>	<u>\$ (559)</u>	<u>\$ 136,457</u>	<u>\$ (11,277)</u>	<u>\$ 165,246</u>	<u>\$ (11,836)</u>
2022						
U.S. government securities	\$ 22,413	\$ (1,805)	\$ —	\$ —	\$ 22,413	\$ (1,805)
Corporate bonds	22,580	(1,323)	844	(156)	23,424	(1,479)
Municipal bonds	1,917	(133)	412	(73)	2,329	(205)
MBS and ABS	101,667	(8,278)	11,802	(1,814)	113,469	(10,092)
Common stocks	30,897	(4,891)	18,144	(2,091)	49,041	(6,983)
Total bonds and common stocks	<u>\$ 179,474</u>	<u>\$ (16,430)</u>	<u>\$ 31,202</u>	<u>\$ (4,134)</u>	<u>\$ 210,676</u>	<u>\$ (20,564)</u>

At December 31, 2023 and 2022, HPHC held unrated or less-than-investment grade bonds of \$0 and \$570 with an aggregate fair value of \$0 and \$570, respectively. The holdings amounted to 0.00% and 0.26% of HPHC's investments in bonds at December 31, 2023 and 2022, respectively, and 0.00% and 0.05% of HPHC's total admitted assets at December 31, 2023 and 2022, respectively. Not all lower than investment grade bonds held have fair values lower than their respective amortized cost and therefore would not result in adjustments to the carrying value for all holdings.

The Company has a process in place to identify securities that could potentially have an impairment that is other-than-temporary. This process involves monitoring market events that could impact issuers' credit ratings, business climate, litigation and government actions, and other similar factors. This process also involves monitoring late payments, downgrades by rating agencies, and key financial ratios as indicators of credit issues. The Company considers relevant facts and circumstances in evaluating whether the impairment of the security is other-than-temporary. Relevant facts and circumstances include (1) the length of time the fair value has been below cost; (2) the financial position of the issuer; and (3) the Company's ability and intent to hold the security to maturity or until it recovers in value. Impairments on securities other than loan-backed securities due to credit losses are recorded as other-than-temporary impairments through realized losses for the difference between book value and fair value when a security is

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements
(Dollars in Thousands)

3. Investments (continued)

deemed impaired. For loan-backed securities that are other-than-temporarily impaired, only the credit portion of the decline is recorded through realized losses.

The Company's investments are managed by management to guidelines approved by the Board of Directors, which includes limiting the amounts which may be invested in any one issuer. As of December 31, 2023 and 2022, the Company had no significant concentrations of credit risk in its investment portfolio.

HPHC has funds with an admitted asset value of \$3,100 and \$3,150 at December 31, 2023 and 2022, respectively, which are to be used solely to pay the following claims for covered services rendered by health care providers who are not bound either by contract or state or federal law to hold HPHC's members harmless against charges for covered services rendered: (a) claims incurred on or after the date of insolvency and up through the period for which premium has been paid, not to exceed 30 days; and (b) claims incurred on or after the date of insolvency for members who are confined in an inpatient facility on the date of insolvency through their discharge. Funds are to be paid out of this deposit pursuant to instructions.

Allocation of funds on deposit by state at December 31, 2023 is as follows:

State	Type of Deposit	Carrying Value	Fair Value
Maine	Bond	2,036	2,047
Massachusetts	Bond	1,064	1,077
Total		\$ 3,100	\$ 3,124

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements
(Dollars in Thousands)

3. Investments (continued)

A summary of the book/adjusted carrying value and fair value of HPHC's investments in bonds at December 31, 2023, by contractual maturity, is as follows:

	Book/Adjusted Carrying Value	Fair Value
Less than 1 year	\$ 1,704	\$ 1,669
1 to 5 years	11,010	10,591
5 to 10 years	38,692	38,350
Greater than 10 years	12,521	11,622
Subtotal	<u>63,927</u>	<u>62,232</u>
ABS and MBS	142,199	135,216
Total bonds	<u>\$ 206,126</u>	<u>\$ 197,448</u>

Actual maturities may differ from contractual maturities on ABS and MBS because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties; accordingly, the contractual maturities for those securities are not shown in the table above.

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements
(Dollars in Thousands)

3. Investments (continued)

The Company's equity in net assets of subsidiaries and results of subsidiary operations is summarized as follows as of December 31:

	Year Ended December 31	
	2023	2022
HPHC Insurance Company		
Total assets of The Insurance Company	\$ 304,141	\$ 299,509
Total liabilities of The Insurance Company	(186,081)	(195,966)
Equity in net assets	118,060	103,543
HPHC New England		
Total assets of New England	154,239	156,187
Total liabilities of New England	(104,349)	(92,243)
Equity in net assets	49,890	63,944
HPI		
Total assets of HPI	135,154	138,533
Total liabilities of HPI	(27,984)	(35,992)
Equity in net assets	107,170	102,541
The Agency		
Total assets of The Agency	1,577	688
Total liabilities of The Agency	(265)	(337)
Equity in net assets	1,312	351
SSAP 97 Nonadmitted asset (The Agency)	(1,312)	—
Net admitted investments in affiliates as reported in Common stocks - affiliates	\$ 275,120	\$ 270,379

The Company's equity in net assets of subsidiaries reported in other invested assets on the statements of admitted assets, liabilities, and capital and surplus is summarized as follows as of December 31:

	Year Ended December 31	
	2023	2022
The Institute		
Total assets of The Institute	\$ 73,818	\$ 64,394
Total liabilities of The Institute	(3,242)	(5,317)
Equity in net assets as reporting in Other invested assets	\$ 70,576	\$ 59,077

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements (Dollars in Thousands)

3. Investments (continued)

Major categories of the Company's net investment income are summarized as follows:

	Year Ended December 31	
	2023	2022
Income:		
Short-term investments	\$ 4,377	\$ 902
Bonds	7,838	7,632
Common stocks	4,007	4,606
Other invested assets	5,670	6,309
Total investment income	21,892	23,949
Less: investment fees	4,657	1,480
Net investment income	\$ 17,235	\$ 22,469

There was no investment income due and accrued with amounts that are over 90 days past due that should be nonadmitted at December 31, 2023 and 2022.

Proceeds from the sale, maturity and principal reductions of debt securities in 2023 and 2022 were \$49,277 and \$190,693, respectively. There were realized gains of \$59 and \$376 related to debt securities in 2023 and 2022, respectively. There were realized losses of \$880 and \$4,900 related to debt securities in 2023 and 2022, respectively.

Proceeds from the sale of equity securities in 2023 and 2022 were \$50,808 and \$15,531, respectively. There were realized gains of \$9,312 and \$7,505 related to equity securities in 2023 and 2022, respectively. There were realized losses of \$3,603 and \$333 related to equity securities in 2023 and 2022, respectively.

Proceeds from the sale of other invested assets in 2023 and 2022 were \$3,489 and \$6,725, respectively. There were realized gains of \$40 and \$1,732 related to other invested assets in 2023 and 2022, respectively. There were no realized losses related to other invested assets in 2023 or 2022.

4. Fair Value

The fair value of a financial instrument is the amount at which the financial instrument could be exchanged for in a current transaction between willing parties without considering selling expenses and potential taxes. The fair value amounts are determined using available market information or, if quoted market prices are not readily available for a financial instrument, management estimates fair value using the various valuation methodologies described below.

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements
(Dollars in Thousands)

4. Fair Value (continued)

Accordingly, the estimates may not be indicative of the amounts the financial instruments could be exchanged for in a current or future market transaction.

The fair value of the Company's financial instruments approximates the carrying amount reported in the statutory statements of admitted assets, liabilities, and capital and surplus for cash, cash equivalents, (overdrafts), short-term investments, state deposits, receivables, and payables.

Assets recorded at fair value can be categorized based upon the level of judgment associated with the inputs used to measure their fair value and the level of market price observability as follows:

Level 1—Quoted prices (unadjusted) in active markets for identical assets or liabilities at the measurement date.

Level 2—Inputs other than quoted prices included in Level 1, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3—Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. SSAP No. 100R requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The carrying amounts and fair values of the Company's investments are as follows:

	2023		2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Bonds	\$ 206,126	\$ 197,448	\$ 219,981	\$ 207,340
Common stock	129,236	129,236	156,026	156,026
Cash, cash equivalents, (overdrafts), and short-term investments	20,438	20,438	14,471	14,471
Total	\$ 355,800	\$ 347,122	\$ 390,478	\$ 377,837

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements
(Dollars in Thousands)

4. Fair Value (continued)

The following tables summarize the Company's assets and liabilities that are measured and reported at fair value on a recurring basis as of December 31, 2023 and 2022:

	Assets at Fair Value			Total
	Level 1	Level 2	Level 3	
2023				
Investments:				
U.S. government debt securities	\$ —	\$ 43,108	\$ —	\$ 43,108
Corporate bonds	—	16,818	—	16,818
Municipal bonds	—	2,306	—	2,306
MBS and ABS	—	135,216	—	135,216
Common stocks	129,236	—	—	129,236
	<u>\$ 129,236</u>	<u>\$ 197,448</u>	<u>\$ —</u>	<u>\$ 326,684</u>
2022				
Investments:				
U.S. government debt securities	\$ —	\$ 30,593	\$ —	\$ 30,593
Corporate bonds	—	25,533	—	25,533
Municipal bonds	—	2,329	—	2,329
MBS and ABS	—	148,885	—	148,885
Common stocks	156,026	—	—	156,026
	<u>\$ 156,026</u>	<u>\$ 207,340</u>	<u>\$ —</u>	<u>\$ 363,366</u>

There were no Level 3 assets held at the beginning and end of 2023 and 2022.

There were no transfers into and out of Level 3 during 2023 and 2022.

The Company's policy is to recognize transfers between levels as of the end of the reporting period.

Fair value measurements of securities within Level 2 and Level 3 of the hierarchy are determined using a NAIC approved independent third-party pricing vendor as of December 31, 2023 and 2022. FHLB Class B stock is valued based on the par value of the stock.

There are no other assets or liabilities that are measured and reported at fair value on a recurring basis.

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements (Dollars in Thousands)

4. Fair Value (continued)

Asset Valuation Techniques—Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of December 31, 2023 and 2022.

Cash, Cash Equivalents, (Overdrafts), and Short-Term Investments—Cash, cash equivalents, (overdrafts), short-term investments, money market funds and corporate bonds (consisting of exchange traded funds) are classified within Level 1 as fair values are based on quoted market prices. In instances where there are quoted prices in active markets for identical instruments, as is the case within the U.S. Treasury market and Mutual Funds, the securities are categorized as Level 1 of the fair value hierarchy.

Debt Securities, ABS and MBS—Debt securities consist of U.S. Government securities, non-U.S. government securities, corporate bonds, municipal bonds, mortgage backed securities and asset backed securities. Investments are characterized as either Level 1 or Level 2 depending on specific characteristics. In instances where there are quoted prices in active markets for identical instruments, as is the case for US Treasury securities and exchange traded bond funds, the securities are categorized as Level 1 of the fair value hierarchy. For securities where the fair value of fixed income securities is estimated using recently executed transactions, market price quotations, bond spreads, or models that have inputs from published interest rate yield curves, as is the case with corporate bonds, municipal bonds and mortgage-backed securities, the securities are generally categorized as Level 2 of the hierarchy.

Common Stocks—Unaffiliated common stocks at December 31, 2023 and 2022 have active markets. The fair values for unaffiliated common stocks are based on quoted market values, which approximate market prices and are classified within Level 1.

Funds in limited partnerships cannot be liquidated until termination of the limited partnerships. Funds in limited liability companies can be redeemed quarterly, only to the extent that the limited liability company has sufficient cash available as determined by its manager and subject to compliance with any applicable real estate investment trust (REIT) rules. The amount of unfunded commitments related to these investments at December 31, 2023 and 2022 was \$19,897 and \$21,630, respectively.

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements
(Dollars in Thousands)

5. Federal Income Taxes

HPHC, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code on related income. Accordingly, no provision for federal income taxes has been made in the accompanying financial statements. HPHC, Inc. has evaluated its uncertain tax positions and determined that it did not have any unrecognized tax benefits as of December 31, 2023 and 2022.

As of December 31, 2023, HPHC's filings with the Internal Revenue Service for the calendar tax years of 2020, 2021, and 2022 remain subject to examination.

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements
(Dollars in Thousands)

6. Pharmaceutical Rebates Receivable

The estimated pharmaceutical rebates receivable of \$39,591 and \$37,803 as of December 31, 2023 and 2022, respectively, reported within pharmaceutical rebates and health care receivables on the statutory statements of admitted assets, liabilities, and capital and surplus represents the admitted rebates receivable as described in Note 2.

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Invoiced/Confirmed	Actual Rebates Collected Within 90 Days of Invoicing/Confirmation	Actual Rebates Collected Within 91 to 180 Days of Invoicing/Confirmation	Actual Rebates Collected More Than 180 Days After Invoicing/Confirmation
12/31/2023	\$ 48,488,830	48,488,830	—	—	—
9/30/2023	51,759,116	51,759,116	48,275,890		
6/30/2023	50,741,790	50,741,790	48,223,340	(873,389)	—
3/31/2023	42,889,882	42,889,882	39,508,959	627,306	(137,526)
12/31/2022	39,164,495	39,164,495	20,398,400	17,529,600	701,996
9/30/2022	36,884,997	36,884,997	27,013,287	7,379,065	2,656,136
6/30/2022	36,377,986	36,377,986	26,912,607	(292,884)	9,912,300
3/31/2022	35,697,331	35,697,331	26,978,288	(979,115)	9,834,666
12/31/2021	32,348,207	32,348,207	29,093,830	1,742,263	5,340,449
9/30/2021	31,717,256	31,717,256	29,268,731	495,221	6,152,934
6/30/2021	33,755,178	33,755,178	28,546,262	305,927	6,583,353
3/31/2021	31,338,375	31,338,375	26,643,068	435,060	6,390,314

As of December 31, 2023 and 2022, risk-sharing receivables as estimated are \$0 and \$1,698, respectively. In 2023 and 2022, risk-sharing receivables billed and received related to prior years were \$1,771 and \$0.

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements
(Dollars in Thousands)

7. Real Estate, Furniture, and EDP Equipment and Software

Real estate, furniture, and electronic data processing equipment (EDP) and software as of December 31, 2023 and 2022, as presented within Real estate and Other admitted assets on the statutory statements of admitted assets, liabilities, and capital and surplus, consist of the following:

	Year Ended December 31	
	2023	2022
Land, building, and building improvements	\$ 47,124	\$ 46,682
Furniture and equipment	18,292	19,404
Leasehold improvements	15,703	22,790
EDP equipment and software	573,678	558,444
Total cost	<u>654,797</u>	<u>647,320</u>
Accumulated depreciation and amortization	<u>(570,733)</u>	<u>(562,566)</u>
Net statutory book value	<u>84,064</u>	<u>84,754</u>
Nonadmitted assets	<u>(62,947)</u>	<u>(60,786)</u>
Net admitted statutory book value	<u>\$ 21,117</u>	<u>\$ 23,968</u>

Depreciation expense charged to operations in 2023 and 2022 was \$8,167 and \$20,055, respectively, and is included in general and administrative expenses.

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements
(Dollars in Thousands)

8. Medical Claims Payable

The changes in the reserves for claims unpaid and accrued medical incentive pool and bonus amounts, net of healthcare receivable activity, for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Balances at January 1:		
Reserves for unpaid claims	\$ 136,819	\$ 166,969
Accrued medical incentive pool and bonus amounts	27,186	29,044
Pharmaceutical rebates, risk incentive and reinsurance receivable (1)	(84,150)	(52,953)
	79,855	143,060
Incurred related to:		
Current year	1,783,928	1,478,920
Prior year	(20,508)	(20,978)
Total incurred	1,763,420	1,457,942
Paid related to:		
Current year	(1,669,411)	(1,402,422)
Prior year	(45,345)	(118,725)
Total paid	(1,714,756)	(1,521,147)
Balances at December 31:		
Reserves for unpaid claims	176,375	136,819
Accrued medical incentive pool and bonus amounts	38,477	27,186
Pharmaceutical rebates, risk incentive and reinsurance receivable (1)	(86,334)	(84,150)
	\$ 128,518	\$ 79,855

⁽¹⁾ For presentation purposes, these amounts reflect nonadmitted amounts that are excluded from the statutory statements of admitted assets, liabilities, and capital and surplus.

The Company uses estimates for determining its claims incurred but not yet reported, which are based on historical claim payment patterns, healthcare trends and membership and includes a provision for adverse changes in claim frequency and severity. Amounts incurred related to prior years vary from previously estimated liabilities as the claims are ultimately settled. Liabilities at any year end are continually reviewed and re-estimated as information regarding actual claims payments become known. This information is compared to the originally established year end

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements
(Dollars in Thousands)

8. Medical Claims Payable (continued)

liability. Negative amounts reported for incurred related to prior years result from claims being settled for amounts less than originally estimated. The favorable development in medical claims payable for the years ended December 31, 2023 and 2022 is primarily attributable to actual claim payment patterns and cost trends differing from those assumed at the time the liability was established. Management believes its methodologies for reserving for unpaid claims are appropriate and represent its best estimate at December 31, 2023 and 2022. Methodologies utilized for current year reserves for unpaid claims are consistent with prior years.

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements (Dollars in Thousands)

9. Debt

Effective April 2015, the Company became a member of the Federal Home Loan Bank of Boston (FHLB). Through its membership, the Company has conducted business activity (borrowings) with FHLB. On April 15, 2020, the Board of Directors voted to authorize the Company to increase its borrowing limit with the FHLB from the Company's \$60,000 borrowing limit to \$120,000 to meet short term liquidity requirements. As of December 31, 2021, the Company determined the actual maximum borrowing capacity to be \$120,000 and based this amount on anticipated borrowing and cash flow needs. As a requirement of the FHLB membership, the Company owned \$552 and \$600 of FHLB Class B membership stock as of December 31, 2023 and 2022, respectively. In addition, the Company is required to purchase FHLB activity stock up to 4% of the value of principal borrowed. The Company owned \$800 and \$1,600 of activity stock as of December 31, 2023 and 2022, respectively. Additionally, as of both December 31, 2023 and 2022, the Company owned \$453 and \$0 in excess stock.

As of December 31, 2023 and 2022, the Company had \$20,000 and \$40,000 principal borrowings outstanding with the FHLB, included in debt and interest on the statutory statements of assets, liabilities, and capital and surplus. During 2023, the Company's total borrowings and principal repayments with the FHLB were \$75,000 and \$0, respectively. Interest rates on the FHLB debt were variable, resulting in average interest rates of 5.32% and 2.34% and \$2,376 and \$790 of interest expense for the years ended December 31, 2023 and 2022, respectively, recorded in net investment income earned in the statutory statements of operations.

The Company is required to pledge collateral for all outstanding borrowings with the FHLB. The total fair value of the collateral pledged as of December 31, 2023 and 2022 was \$113,172 and \$46,919, respectively. The total carrying value of the collateral pledged as of December 31, 2023 and 2022 was \$103,559 and \$51,116, respectively. The total pledged amounts as of December 31, 2023 were equal to the maximum amounts pledged during the reporting period.

10. Capital and Surplus

Life/health insurance companies are subject to certain Risk-Based Capital (RBC) requirements as specified by the NAIC. Under those requirements, the amount of capital and surplus maintained by a life/health insurance company is to be determined based on the various risk factors related to it. The Division of Insurance of the Commonwealth of Massachusetts has further required that the Company shall have and maintain capital and surplus in an amount equivalent to 300% of the Authorized Control Level RBC. At December 31, 2023 and 2022, the Company exceeded the RBC requirements, as noted below:

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements
(Dollars in Thousands)

11. Premium Stabilization Programs and Other ACA Provisions

	<u>2023</u>	<u>2022</u>
Minimum capital requirements	\$ 350,454	\$ 347,505
Surplus	614,008	635,977
Excess	<u>\$ 263,554</u>	<u>\$ 288,472</u>

There are no restrictions placed on the Company's unassigned surplus other than restrictions on dividend payments.

Without prior approval of the Insurance Commissioner, dividends to shareholders are limited by the laws of the Commonwealth of Massachusetts to the greater of 10% of the Company's surplus as of December 31st of the preceding year or the net gain from operations for the preceding year ending December 31st. The Company did not declare or pay any dividends in 2023 or 2022.

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements
(Dollars in Thousands)

11. Premium Stabilization Programs and Other ACA Provisions (continued)

The Company has written policies in 2023 and 2022 that are subject to the ACA risk-sharing provisions. The impact of risk-sharing provisions of the ACA on admitted assets, liabilities, and revenue for the years ended December 31, 2023 and 2022, is as follows:

Permanent ACA Risk Adjustment Program:	2023	2022
Assets:		
1. Premium adjustments receivable due to ACA Risk Adjustment (including high risk pool payments).	\$ 68,621	\$ 25,485
Liabilities:		
2. Risk adjustment user fees payable for ACA Risk Adjustment	26	198
3. Premium adjustments payable due to ACA Risk Adjustment (including high risk pool payments)	2,785	7,103
Operations (Revenue & Expense):		
4. Reported as revenue in premium for accident and health contracts (written/collected) due to ACA Risk Adjustment (increase) decrease to revenue	(69,679)	(14,227)
5. Reported in expenses as ACA risk adjustment user fees (incurred/paid)	110	129

Roll forward of prior year ACA risk-sharing provisions for the following asset and liability balances, along with the reasons for adjustments to prior year balance is as follows:

	Accrued During the Prior Year on Business Written Before December 31	Received or Paid as of the Current Year on Business Written Before December 31 of the prior year	Differences		Unsettled Balances as of the Reporting Date
			Prior Year Accrued Less Payments	Adjustments To Prior Year Balances	
Permanent ACA Risk Adjustment: Receivable (Payable)					
Premium adjustments receivable (including high risk pool payments)	\$ 25,485	\$ 35,247	\$ (9,761)	\$ 9,761	\$ —
Premium adjustments payable (including high risk pool payments)	(7,103)	13,022	5,919	(8,704)	(2,785)
Subtotal ACA Permanent Risk Adjustment	\$ 18,382	\$ 48,269	\$ (3,842)	\$ 1,057	\$ (2,785)

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements
(Dollars in Thousands)

12. Medical Loss Ratio Rebates

Premiums written by HPHC, Inc. included amounts subject to retrospective rating features pursuant to both the risk-sharing provisions and the medical loss rebate requirements of the ACA. HPHC, Inc. records accrued retrospective premium as an adjustment to earned premium. The amount of net premiums written by the Company for the years ended December 31, 2023 and 2022 that were subject to the retrospective rating features was \$2.0 billion and \$1.7 billion in 2023 and 2022, respectively, which represented 100% of total net premiums written in both years. MLR rebates required pursuant to the ACA and state law were as follows and included in health policy reserves on the statutory statements of admitted assets, liabilities, and capital and surplus:

	Individual	Small Group Employer	Total
Medical loss ratio rebates unpaid at December 31, 2022	\$ —	\$ 1,742	\$ 1,742
Medical loss ratio rebate incurred	—	1,553	1,553
Medical loss ratio rebates paid	—	3,295	3,295
Medical loss ratio rebates unpaid at December 31, 2023	\$ —	\$ —	\$ —
Medical loss ratio rebates unpaid at December 31, 2021	\$ —	\$ 8,953	\$ 8,953
Medical loss ratio rebate incurred	—	(6,539)	(6,539)
Medical loss ratio rebates paid	—	672	672
Medical loss ratio rebates unpaid at December 31, 2022	\$ —	\$ 1,742	\$ 1,742

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements (Dollars in Thousands)

13. Operating Leases

Operating Leases—HPHC, Inc. has entered into several long-term noncancelable operating leases for buildings and equipment. The terms of the leases vary through the year 2027, with various renewal options.

The following is a schedule, by year, of future minimum rental payments required under all operating leases for buildings and equipment that have initial or remaining noncancelable lease terms of one year or more as of December 31, 2023:

Years Ending December 31	Amount
2024	\$ 1,575
2025	1,579
2026	1,583
2027	1,587
2028	1,471
Thereafter	8,122
Total	<u>\$ 15,917</u>

Total rent expense on all leases was \$2,127 and \$3,451 in 2023 and 2022, respectively.

14. Employee Benefits

Defined Contribution Plan—The Point32Health 401(k) Plan is a defined contribution plan pursuant to Section 401(k) of the Internal Revenue Code established for the benefit of the employees of the plan sponsor Point32Health Services, Inc. (P32HS) and its affiliates. The Plan covers substantially all employees of P32HS and its affiliates, including HPHC. P32HS may match, at its discretion, the participants' eligible contributions and may make additional profit-sharing contributions at the discretion of the Board of Directors. Company contributions for each employee vest between one and three years of service. HPHC's allocated share of P32HS's contributions to the Plan was \$25 and \$54 in 2023 and 2022, respectively.

Deferred Compensation Plan—HPHC, Inc. established a nonqualified deferred compensation plan (the "DC Plan"), effective July 1, 2005, which allows certain highly compensated employees the option to defer specified amounts of their annual compensation on a pretax basis and also allows HPHC, Inc., at its discretion, the option to provide deferred compensation to key employees. A participant in the DC Plan is notified if a voluntary contribution is made by HPHC, Inc. to that participant's account. In addition, the participant's account is credited to reflect investment returns based on measuring investments selected by either the participant or the DC Plan administrator in accordance with the DC Plan document. The participants receive a distribution of their account, in its entirety, upon severance from employment with HPHC, Inc.

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements (Dollars in Thousands)

14. Employee Benefits (continued)

HPHC, Inc. has recorded a liability of \$5,348 and \$4,602 for the years ended December 31, 2023 and 2022, respectively, which represents its obligation for benefits payable under the DC Plan. All amounts of compensation deferred under the DC Plan remain the assets of HPHC, Inc., and are reflected in other admitted assets in the statutory statements of admitted assets, liabilities, and capital and surplus, until paid out to a participant or his or her beneficiary. Deferred compensation assets were \$5,348 and \$4,602 as of December 31, 2023 and 2022, respectively. HPHC, Inc. is not required to segregate or set aside any assets to meet its obligation under the DC Plan.

Postretirement Plan—HPHC, Inc. has one postretirement medical and life insurance plan. The health care benefits are contributory with participant's contributions adjusted annually and the life insurance benefits are noncontributory. HPHC, Inc.'s postretirement medical plan allows employees who have attained age 60 and completed 10 years of continuous service to remain in HPHC, Inc.'s group health care coverage upon retirement and until they qualify for Medicare coverage. In accordance with the provisions of the postretirement medical plan, the employee will pay 100% of the monthly premium until they reach age 65. Once they reach age 65 and enroll in both Medicare A and B, HPHC, Inc. will provide a maximum monthly contribution of \$150 to each retiree (and spouse, if applicable), provided the employee is transitioning from an active HPHC, Inc. employee medical plan. Additionally, there are certain grandfathered participants whom HPHC, Inc. pays their entire benefit. The Plan is not currently funded.

Effective December 31, 2016, the Company amended the postretirement medical plan to freeze participation and benefit accruals. Retiree eligible participants had until December 31, 2017 to retire and elect coverage. The Company announced these changes in December 2016. As a result, employees do not accrue further benefits under the cash balance formula of the plan, although interest continues to accrue to existing account balances. In connection with the plan freeze, the period for amortizing actuarial gains and losses was changed from the average expected future service of active participants to the average expected future lifetime as a plan participant for all participants. The plan freeze was accounted for as a curtailment, and resulted in a credit to net periodic benefit cost in prior years. The benefit obligation was \$3,094 and \$3,101 as of December 31, 2023 and 2022, respectively. As a result of the plan freeze and employees no longer accruing further benefits, the changes in benefit obligation, components of net periodic benefit cost, and estimated future benefit payments are not material to these statutory financial statements.

15. ASO Business

HPHC, Inc. provides certain benefit administration services for its uninsured customers. The net loss from providing these services for the years ended December 31, 2023 and 2022 is as follows:

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements
(Dollars in Thousands)

15. ASO Business (continued)

	2023	2022
Income (Loss) incurred in excess of reimbursement for administrative services provided	\$ (72,055)	\$ (40,394)
Net Loss from operations	\$ (72,055)	\$ (40,394)
Total claim equivalents	<u>\$ 1,325,421</u>	<u>\$ 1,130,511</u>

As of December 31, 2023 and 2022, HPHC, Inc. had admitted assets of \$48,303 and \$42,724, respectively, in receivable related to uninsured plans. HPHC, Inc. routinely assesses the collectability of its receivables. As of December 31, 2023 and 2022, HPHC, Inc. had a liability of \$94,114 and \$84,264, respectively, in amounts held under uninsured plans.

16. Reinsurance

Effective January 1, 2019, HPHC, Inc. began participating in the Maine Guaranteed Access Reinsurance Association (MGARA), which provides reinsurance for a portion of the Company's Maine high-risk individual health business. The MGARA program changed in 2022, where the Company no longer cedes members to a risk pool, but instead submits claims over a certain threshold. There were no premium and medical costs assumed as of December 31, 2023 and 2022. A summary of premium and medical costs ceded for the years ended December 31, 2023 and 2022 is as follows :

	2023	2022
Premium income ceded	\$ —	\$ 16
Health benefits ceded	\$ —	\$ 36,835

As of December 31, 2023 and 2022, HPHC, Inc. had net receivables related to the reinsurance agreements of \$20,642 and \$17,859, respectively, which represent the net amount of premiums due from the reinsurer offset by the amount of paid claims HPHC, Inc. owes to the reinsurer, as presented in pharmaceutical rebates and health care receivables in the statutory statements of admitted assets, liabilities, and capital and surplus. As of December 31, 2023 and 2022, HPHC, Inc. had payables of \$73 and \$375, respectively, from the reinsurance agreements, which represent net premiums owed to the reinsurer for ceded business, and are recorded in general expenses due or accrued on the statutory statements of admitted assets, liabilities, and capital and surplus.

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements (Dollars in Thousands)

17. Related Party Transactions

As a result of the significant related party transactions, the Company's financial condition and results from operations may not necessarily be indicative of the financial condition or results of operations that would have occurred if the Company had been operating on a standalone basis.

Point32Health, Inc. (P32H)

Point32Health, Inc. contributed \$0 and \$35,000 of capital to HPHC, Inc. in 2023 and 2022, respectively. At December 31, 2022, the amounts receivable from P32H were \$23. No transactions were recorded in 2023.

Harvard Pilgrim Health Care of New England, Inc. (New England)

HPHC, Inc. provides administrative and operational management services to New England. At December 31, 2023 amounts payable to New England were \$781. At December 31, 2022, the amounts receivable from New England were \$6,103.

Harvard Pilgrim Health Care, Inc. contributed \$25,000 of bonds at fair market value to Harvard Pilgrim Health Care of New England, Inc. in 2022. No transactions were recorded in 2023.

Harvard Pilgrim Health Care Insurance Company, Inc. (the Insurance Company)

HPHC, Inc. provides all administrative and operational management services to the Insurance Company. At December 31, 2023 amounts payable to the Insurance Company were \$8,696. At December 31, 2022, the amounts receivable from the Insurance Company were \$15,342.

Harvard Pilgrim Health Care Institute, LLC. (the Institute)

HPHC, Inc. makes contributions to the Institute to support their ongoing operations. At December 31, 2023 and 2022, the amounts due to the Institute were \$1,914 and \$4,518, respectively.

HPHC, Inc. has a Management and Administrative Service Agreement (the "Agreement") with the Institute. In accordance with the requirements of the Agreement, HPHC, Inc. will provide the Institute with financial support in an amount up to, but not to exceed, \$20,000 in the event of an unforeseen and material loss of revenue by the Institute. The Institute must maintain at least \$1,000 of net assets to be used in such an event before drawing down on this contingent support. These conditions were not met in 2023 or 2022.

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements
(Dollars in Thousands)

17. Related Party Transactions (continued)

Health Plans, Inc. (HPI)

HPHC, Inc. provides certain administrative and operational services to HPI. At December 31, 2023 and 2022, the amounts receivable from HPI were \$7 and \$874, respectively.

Tufts Health Public Plans, Inc. (THPP)

At December 31, 2023 the net amount due to THPP was \$3,863. At December 31, 2022, the net amount due from THPP was \$952.

Tufts Insurance Company, Inc. (TICO)

At December 31, 2023 and 2022, the net amount due from TICO was \$237 and \$61, respectively.

Point32Health Services, Inc (P32HS)

At December 31, 2023, the net amount due from P32HS was \$3,069. At December 31, 2022 the net amount due to P32HS was \$49,346.

Point32Health Foundation, Inc. (Foundation)

At December 31, 2023, the net amount due from Foundation was \$58. At December 31, 2022 the net amount due to Foundation was \$757.

Tufts Associated Health Maintenance Organization, Inc. (TAHMO)

At December 31, 2023, the net amount due from TAHMO was \$5,248. At December 31, 2022 the net amount due to TAHMO was \$2,032.

Tufts Benefit Administrators, Inc. (TBA)

At December 31, 2023 and 2022, the net amount due from TBA was \$604 and \$17, respectively.

Total Health Plan (THP)

At December 31, 2023 and 2022, the net amount due from THP was \$1,052 and \$1,063, respectively.

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements (Dollars in Thousands)

17. Related Party Transactions (continued)

Care Partners of Connecticut, Inc. (CPCT)

At December 31, 2023 and 2022, the net amount due from CPCT was \$90 and \$1, respectively.

Related Party Guarantees

HPHC, Inc. and its insurance affiliates, the Insurance Company and New England, participate in a guaranty and indemnity agreement (“G&I Agreement”). Under the terms of the G&I Agreement, each entity guarantees the payment and performance of the others. In addition, each entity is jointly and severally liable for all obligations that may arise out of the G&I Agreement. HPHC, Inc. has no contingent liabilities related to the G&I Agreement as of December 31, 2023.

Workforce Transfer

On January 1, 2022, Harvard Pilgrim Health Care, Inc. (HPHC) transferred all its employees (herein after referred to as its “Workforce”) to P32HS for valuable consideration in the amount of \$35,000 in accordance with an agreement effective January 1, 2022.

P32HS is a for-profit corporation wholly owned by TAHMO, a not-for-profit Massachusetts corporation, and provides management services to TAHMO and its subsidiaries for many of their administrative needs. HPHC, Inc. and TAHMO share a common parent, P32H and therefore, HPHC, Inc., P32HS and P32H are related parties. Under SSAP 25, the transfer of HPHC’s workforce constituted a non-economic transaction. SSAP 25 states that non-economic transactions between entities, which meet the definition of related parties, shall be recorded at the lower of existing book values or fair values at the date of the transaction. The transaction of transferring HPHC’s workforce to P32HS was not recognized in the statutory financial statements because the existing book value on HPHC’s financial statements at the date of the transaction, January 1, 2022, was equal to zero.

18. Commitments and Contingencies

Cybersecurity Incident

On April 17, 2023, our parent entity, P32H, identified a cybersecurity ransomware incident that impacted systems in the computer environment used by Harvard Pilgrim Health Care, Inc. and its subsidiaries to service members, accounts, brokers, and providers. Upon discovery, P32H took prompt action to contain the incident. P32H also promptly conducted an investigation, with the assistance of outside counsel who retained leading technical cybersecurity experts to assist them, to determine the scope of the incident and what data was affected. P32H notified individuals the

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements (Dollars in Thousands)

18. Commitments and Contingencies (continued)

investigation determined to have been affected and offered them two years complimentary credit monitoring and identity theft protection services.

Litigation and Legal proceedings. As a result of the cybersecurity incident, P32H has been named a defendant in putative class action lawsuits, which have been consolidated. Given the early status of the cases, it is not possible to estimate the loss or range of possible loss, if any, that might result from adverse judgment, settlement penalties or other resolution of such proceedings.

Legal Matters Unrelated to the Cybersecurity Incident

Litigation related to the cybersecurity incident is addressed above. In addition, from time to time, the Company and certain of its affiliates and subsidiaries are parties to legal actions related to the design and management of the Company's service offerings. The Company records liabilities for estimates of probable costs resulting from these matters, which include, but are not limited to, claims relating to healthcare benefits coverage and contractual interpretation disputes. Management believes that any liability that may result from any one of these actions, or in the aggregate, is unlikely to have a material adverse effect on its combined financial position or results of operations. The Company also is involved in various legal actions in the ordinary course of business. In the opinion of management, there are no legal proceedings pending against or involving the Company whose outcome is likely to have a material adverse effect on the financial position or results of operations of the Company as of December 31, 2023 and 2022.

Long-Term Service Contract with NTT DATA

HPHC, Inc. has a long-term services agreement (the "NTT Agreement") with NTT DATA International, LLC ("NTT DATA"). Under the NTT Agreement, NTT DATA provides information technology operations, development, and claims related processing services under the direction of HPHC, Inc. staff. Services include operational services for technology and claims operations and business project services. The NTT Agreement calls for an annual minimum commitment of \$60,000 and is subject to adjustment for changes in service levels, cost management by HPHC, Inc. and performance incentives for NTT DATA. In July 2023, a bridge extension was executed as the contract is being renegotiated between HPHC, Inc. and NTT DATA. The agreement runs through July 30, 2024 and renewal negotiations are in process.

Debt Guarantees of Affiliate

In June 2023, P32H amended and restated an agreement with Bank of America, N.A. for an unsecured revolving credit facility. The total lending commitment of the revolving credit facility

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements
(Dollars in Thousands)

18. Commitments and Contingencies (continued)

is \$200,000 and bears interest at a rate equal to the Bloomberg Short-Term Bank Yield Index rate plus 1.15%, with a commitment fee of 12.5 basis points on the unused portion. The maturity date of the unsecured revolving credit facility is June 30, 2024. THPP, TAHMO, HPHC and P32H are listed as additional borrowers on the revolving credit facility. As a result, the Company is contingently liable for all amounts due under the credit facility. There were no amounts borrowed under the revolving credit facility as of December 31, 2023 or 2022.

19. Reconciliation of Annual Statement Filing to Audited Statutory Financial Statements

December 31, 2023 Annual statement filings differ from the Audited Statutory Financial Statements due to adjustments related to cash, cash equivalents, (overdrafts), and short-term investments, and common stocks - affiliates. The differences are shown below:

	As reported in the 2023 Annual Statements	Difference	As reported in the Audited Statutory Financial Statements
Statutory statement of admitted assets, liabilities, and capital and surplus:			
Cash, cash equivalents, (overdrafts), and short-term investments	\$18,786	\$1,652	\$20,438
Common stocks - affiliates	\$278,754	\$(3,634)	\$275,120
Total capital and surplus	\$615,990	\$(1,982)	\$614,008
Statutory statements of changes in capital and surplus:			
Net loss	\$(52,860)	\$1,652	\$(51,208)
Change in net unrealized gain	\$32,083	\$(5,929)	\$26,154
Statutory statements of operations:			
Net investment income	\$15,583	\$1,652	\$17,235

20. Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

Harvard Pilgrim Health Care, Inc.

Notes to Statutory Financial Statements
(Dollars in Thousands)

21. Subsequent Events

On February 15 2024, Point32Health, Inc., parent of Tufts Associated Health Maintenance Organization, Inc., Tufts Health Public Plans, Inc. and Harvard Pilgrim Health Care, Inc. and affiliates announced it has signed a definitive arrangement with Baystate Health to acquire its subsidiary, Health New England. The agreement, which was unanimously approved by the Board of Directors of Point32Health and the Board of Trustees of Baystate Health, is subject to regulatory approvals.

Subsequent events were evaluated through September 30, 2024, the date the financial statements were available to be issued. No other matters requiring recognition or disclosure were identified.

Supplementary Information

Harvard Pilgrim Health Care, Inc.

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Agency for Healthcare Research and Quality				
Developing Evidence-Based Sepsis Time Zero Criteria and Quality Metrics Using Electronic Health Record Data	93.226		\$ 108,881	\$ 484,939
Methods for Profiling Hospital Performance Based on Healthcare-Associated Infections	93.226			244,067
Improving Antibiotic Treatment Decisions Through Machine Learning	93.226			144,318
Optimizing Choice of Health Insurance For Diabetes	93.226			92,924
Electronic Surveillance for Hospital-Onset Sepsis to Expand Detection of Serious Healthcare-Associated Infections	93.226			48,490
Passed Through – Children’s Hospital Corporation – Spread of Safety Interventions: Planning for Context	93.226	1R18HS027401-01A1		30,526
Passed Through – Cleveland Clinic Foundation – Reducing Antimicrobial Overuse Through Targeted Therapy for Patients with Community-Acquired Pneumonia	93.226	1R01HS028633-01	–	21,274
			108,881	1,066,538
Center for Disease Control				
SHEPheRD TO 0005: Intelligent Stewardship Prompts to Improve Real-Time Empiric Antibiotic Selection (INSPIRE)	93.RD		–	703
VSD COVID-19 Infrastructure and SME Participating Activities	93.RD		–	94,208
Tree-Based Data Mining for COVID-19 Vaccine Safety Assessment in the Vaccine Safety Datalink (VSD)	93.RD		–	315,642
Epicenter V: Harvard Pilgrim Health Care Institute Center for Excellence in HAI Surveillance	93.084		17,693	708,438
Epicenter V – Supplement 1 Large: The NEVER Trial (Nursing Excellence to avoid pneumonia Randomized Trial)	93.084		–	612,518
Epicenter V – Supplement 2 Medium: Deconstructing sepsis bundle compliance and rates of overtreatment	93.084		274,867	561,391
SHEPheRD Program 2021 Domain 1-A012 for COVID-19	93.RD		3,127	190,972
Research to Improve National and Global Responses to Emerging Health Threats: Accelerating Mathematical Modeling Development	93.RD		2,789,962	2,849,621
CLUSTER Trial IPA – N Varma	93.220		–	13,641
Vaccine Safety Datalink Project, VSD Infrastructure Activities	93.RD		–	1,260,163
Development and Application of a National Pediatric Sepsis Event Surveillance Definition	93.RD		–	31,198
Passed Through -Duke University – Long-term Impact of Reduced Patient Out-of-pocket Costs on Diabetes Complications II	93.945	U18DP006696	–	273,302
Passed Through – Public Health Informatics Institute. – Standards Based Clinical Decision Support for Gonorrhea Treatment Pilot	93.421	U38OT000316	–	1,349
Passed Through – The Task Force for Global Health, Inc. – Childhood Obesity Data Initiative	93.421	U38OT000216	–	4,500
Passed Through – University of Florida – Evaluation of Emerging Infections During Pregnancy and their Prevention and Treatment using Enhanced and Diverse Mother-Baby Cohorts (EI-TIP)	93.750	75D30122C15503	–	30,764
Passed Through – Task Force Global Health – COVID-19 Electronic Health Data Initiative	93.RD	NU38OT000316-03-02	–	470,319
			3,085,649	7,418,729
Department of Veterans Affairs				
Passed Through – Western Institute for Veterans Research – Eval the Impact of Project HAPPEN on NV-HAP Rates in the VA	93.RD	IAA23FED2300020CKD	–	100,192
			–	100,192

Harvard Pilgrim Health Care, Inc.

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Food and Drug Administration				
Sentinel TO 8T: Catalyst and Broader Uses of Sentinel Infrastructure	93.RD		\$ -	\$ 534,765
Sentinel 2014 TO 12T: Sentinel Infrastructure, Methods, and Surveillance	93.RD		8,340	8,340
Sentinel 2014 TO 4T: OCET/Sentinel Activities	93.RD		-	(6,555)
Sentinel 2014 TO 11T: Office of Medical Policy 21st Century Cures Real World Evidence Demonstration Projects	93.RD		27,745	719,756
Sentinel 2014 TO 75F40119F19013: Development of Web App for Individual Patient Expanded Access IND Applications	93.RD		-	157,539
Sentinel Initiative TO 1: Operations Center	93.RD		6,203,182	22,382,639
Sentinel Initiative TO 2 Innovation Center	93.RD		4,440,189	5,157,448
Rapid Covid-19 Sentinel Distributed Database (SDD)	93.RD		886,993	1,107,181
CLIN 2 – Chart Validation activity COVID-19 related	93.RD		-	10,159
CLIN 3 – EHR Data support FDACHR (38)	93.RD		383,333	1,161,952
CLIN 4 – Preserve ARIA Querying for COVID-19 analysis	93.RD		189,015	512,022
CLIN 5 – Preserve ARIA Querying for COVID-19 analysis	93.RD		-	471,151
CLIN 6- ARIA Tool Enhancement Gen Risk Score	93.RD		-	327,621
CLIN 7 – MarketScan Labs Maintenance	93.RD		-	36,019
CLIN 8 – Code Lookup Tool Maintenance	93.RD		-	20,285
CLIN 9 – MarketScan comparison Report	93.RD		-	147,937
CLIN 10 – ARIA Tool Maintenance for Medication Dose	93.RD		-	19,506
CLIN 11-SCDM v 8.0.0 Maintenance	93.RD		-	33,023
CLIN 12 – ARIA Querying and Reg Support	93.RD		945,128	3,070,903
CLIN 13 – ARIA Querying and Reg Support	93.RD		-	521,123
CLIN 14 – ARIA Querying and Reg Support	93.RD		-	16,609
CLIN 15 – ARIA Querying and Reg Support	93.RD		-	877,923
CLIN 16 – Preserve ARIA Querying for COVID-19 analysis	93.RD		-	1,041
Sentinel Initiative TO 6 CLIN 1 -Sentinel IC EHR Data Task Order	93.RD		2,454,331	2,810,654
Sentinel Initiative TO 7 CLIN 1 – Sentinel Website Project 1	93.RD		-	112,213
Sentinel Initiative TO 7 CLIN 2 – Sentinel Website Project 1	93.RD		-	9,238
Sentinel Initiative TO 7 CLIN 3 – Sentinel Website Project 2	93.RD		-	178,146
Sentinel Initiative TO 7 CLIN 4 – Sentinel Website Project 3	93.RD		-	19,860
Sentinel Initiative TO 7 CLIN 5 – Sentinel Website Project 3	93.RD		-	12,554
Sentinel Initiative TO8	93.RD		328,281	333,215
Sentinel Initiative TO 9 CLIN1	93.RD		3,936	1,040,070
Sentinel Initiative TO 9 CLIN2	93.RD		15,096	95,791
Sentinel Initiative TO 9 CLIN3	93.RD		-	6,399
Sentinel Initiative TO 9 CLIN4	93.RD		-	74,713
Sentinel Initiative TO 9 CLIN5	93.RD		-	161,006
Sentinel Initiative TO 9 CLIN6	93.RD		-	59,715
Sentinel Initiative TO 9 CLIN7	93.RD		55,098	135,029
Sentinel Initiative TO 9 CLIN8	93.RD		-	20,246
Sentinel Initiative TO 9 CLIN9	93.RD		-	139,168
Sentinel Initiative TO9 CLIN10	93.RD		7,836	432,828
Sentinel Initiative TO9 CLIN11	93.RD		-	3,138
Sentinel Initiative TO9 CLIN12	93.RD		-	158,125
Sentinel Initiative TO9 CLIN13	93.RD		301,875	409,335
Sentinel Initiative TO9 CLIN14	93.RD		-	18,215
Sentinel Initiative TO9 CLIN15	93.RD		-	59,427
Sentinel Initiative TO 10 CLIN 1 and CLIN 8	93.RD		39,316	45,201
Sentinel TO 10 CLIN 3 and CLIN 10	93.RD		73,580	92,922
Sentinel TO 10 CLIN 4 and CLIN 11	93.RD		-	21,472
Sentinel TO 10 CLIN 5 and CLIN 13	93.RD		322,656	365,108
Sentinel TO 10 CLIN6 and CLIN 7	93.RD		136,936	171,932

Harvard Pilgrim Health Care, Inc.

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Passed Through – Kaiser Foundation Research Institute – Effects of Medical Products on Suicidal Ideation and Behavior-Real World Evidence	93.RD	HHSF223201810201C	\$ –	\$ (467)
Passed Through – University of Florida – Teratogenic Risk Impact and Mitigation (TRIM): An Evidence-based Decision Framework	93.RD	75F40121C00188	–	13,777
			16,822,866	44,287,417
National Association of Chronic Disease				
Improving Chronic Disease Surveillance and Management through the Use of EHRs/Health Information Systems	93.421		–	32,837
			–	32,837
National Cancer Institute				
Passed Through – Beckman Research Institute of the City of Hope - Risk Factors for Molecular Subtypes of NHL a Prospective Evaluation	93.393	5R01CA202712-04 REVISED	–	8,969
Passed Through – Boston Children’s Hospital – Can Risk-Reducing Medications Improve Breast Cancer Prevention in Childhood and Adolescent Cancer Survivors? Comparative Modeling to Inform Care	93.393	R01CA261874-01A1	–	97,204
Passed Through – Dana-Farber Cancer Institute – Dana-Farber/Harvard Cancer Center	93.397	P30CA006516	–	7,976
Passed Through – The Regents of the University of California – Advancing Equitable Risk-Based Breast Cancer Screening and Surveillance in Community Practice	93.393	P01CA154292	–	10,998
Passed Through – University of Wisconsin-Madison – Comparative Modeling of Precision Breast Cancer Control Across the Translational Continuum	93.393	U01CA253911	–	86,263
Passed Through – Trustees of Boston University – Socio-environmental context in monoclonal gammopathy of undetermined significance (MGUS) disparities	93.393	1R01CA249982-01A1	–	46,771
Passed Through – University of Vermont and State Agricultural College – Identifying Effective Risk-Based Supplemental Ultrasound Screening Strategies for Women with Dense Breasts	93.393	R01CA248068	–	18,684
			–	276,865
National Center for Advancing Translational Sciences				
Passed Through – Brigham and Women’s Hospital – Implementation of Whole Genome Sequencing as Screening in a Diverse Cohort of Health Infants	93.350	U01TR003201	–	98,381
			–	98,381
National Center for Complementary and Integrative Health				
Passed Through – Duke University – HEAL Collaboratory Resource Coordinating Center (PRISM) (U24)	93.213	U24-AT010961	–	31,609
Passed Through – Duke University – Phase 3 – NIH Health Care Systems Research Collaboratory – Coordinating Center (U24)	93.213	2U24AT009676-06	–	57,780
			–	89,389
National Heart, Lung, & Blood Institute				
Built Environment Assessment through Computer vision (BEACON): Applying Deep Learning to Street-Level and Satellite Images to Estimate Built Environment Effects on Cardiovascular Health	93.837		661,191	848,686
Sociomarkers to Predict Asthma Control and Emergency Room Visits (SPACER)	93.838		–	125,694
Parent-Perceived Important Topics for Childhood Obesity	93.837		25,087	56,954
Passed Through – Brigham and Women’s Hospital – Impact of Treatment of Mild Sleep Disordered Breathing on Children’s Health- DCC (PATS)	93.838	U01-HL125307	–	124,258

Harvard Pilgrim Health Care, Inc.

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Passed Through – Brigham and Women’s Hospital – Pharmacogenomics of Adrenal Suppression with Inhaled Corticosteroids (PhASIC)	93.838	R01HL152244	\$ – \$	4,160
Passed Through – Brigham and Women’s Hospital – COPD Susceptibility, Heterogeneity and Progression: Proteomics and Genetics	93.838	2 R02HL133135-05A1	–	23,446
Passed Through – Brigham and Women’s Hospital – A Hybrid Effectiveness-Implementation Trial Evaluating Behavioral Treatments for Insomnia for Socioeconomic Disadvantaged Adults in Primary Care	93.233	1R61HL164688-01	–	43,842
Passed Through – Brigham and Women’s Hospital – Determination of the Site of Pharyngeal Collapse in Obstructive Sleep Apnea Patients from Snoring Sounds	93.233	R01HL128658	–	8,604
Passed Through – Brigham and Women’s Hospital – Predicting Response to Non-PAP Therapies in OSA Using PSG-Derived Endotypes	93.233	R01HL102321	–	4,165
Passed Through – Children’s Hospital Medical Center – Randomized Control Trial of oxygen therapy in Children and Adolescents with Down Syndrome and Obstructive Sleep Apnea	93.838	1R61HL165366-01	–	86,663
Passed Through – Duke University – A Controlled trial to improve use of High Intensity statins for Vascular Protection: ACHIEVE	93.837	R34HL166680	–	40,820
Passed Through – Harvard School of Public Health – Integrating Life course Approaches, biologic and digital phenotypes in support of heart and lung disease epidemiological research	93.837	1U01HL145386-01	–	32,081
Passed Through – Harvard University – Fellowship: CVD Epidemiology Training Program in Behavior, the Environment and Global Health	93.837	5T32HL098048-14	–	12,815
Passed Through – Harvard University – Chakraborty Fellowship: CVD Epidemiology Training Program in Behavior, the Environment and Global Health	93.837	5T32HL098048-14	–	14,597
Passed Through – The Broad Institute Inc – Return of Genomic Results and Estimating Penetrance in Population-Based Cohorts	93.837	5R01HL143295	–	99,640
			686,278	1,526,425
National Human Genome Research Institute				
Surveillance for Outcomes of Genomic Medicine Policies	93.172		239,425	251,304
An ELSI-Integrated Evaluation of the Family-Level Utility of Pediatric Genomic Sequencing	93.172		–	170,197
			239,425	421,501
National Institute of Alcohol Abuse & Alcoholism				
Passed Through – Duke University – Impact of High Deductible Health Plans and COVID-19 on Alcohol Use Disorder Treatment Access, Outcomes, and Disparities	93.273	R01AA029819	–	417,755
			–	417,755
National Institute of Allergy and Infectious Diseases				
Network Modeling & Robust Estimation of the Intra-class	93.855		68,220	100,856
National Institute of Allergy and Infectious Diseases	93.855		788,229	1,879,985
Modeling of Viral Load Trajectories for HIV Cure Research	93.855		48,981	273,444
Cabotegravir PrEP: Actionable Robust Evidence for Translation into Practice (CABARET)	93.855		183,345	526,181
Passed Through – Baylor College of Medicine – Blockchain-Based HIV Testing Management System	93.855	5P30AI161943	–	101,612
Passed Through – Duke University – Leveraging Local Health System Electronic Health Record Data to Enhance PrEP Access in Southeastern Louisiana: A Community-Informed Approach	98.855	1R01AI169641-01	–	42,920

Harvard Pilgrim Health Care, Inc.

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Passed Through – Harvard University – Harvard University Center for AIDS Research: Clinical Decision Support for PrEP	93.855	P30AI060354	\$ – \$	5,159
Passed Through – Harvard University – Co-Chair of Harvard University Center for AIDS Research Ending the IV Epidemic in the US (EHE) Task Force	93.855	5P30AI060354-20	–	7,762
Passed Through – Harvard University – Harvard Center for AIDS Research (CFAR)	93.855	5P30AI060354-20	–	7,333
Passed Through – Johns Hopkins Bloomberg School Of Public Health – Enhancing Rigor and Generalizability through Technical Support, Mentorship and Collaboration to End the HIV Epidemic in the U.S.	93.855	2P30AI094189-11	–	32,453
Passed Through – The Board of Trustees of the Leland Stanford Junior University – Measuring and Predicting Appropriate Antibiotic Use to Combat Resistant Bacteria	93.855	1R01AI178121	–	29,834
Passed Through – The Regents of the University of California - Revealing Reservoirs during Rebound (R3)	93.855	P01-AI131385	–	50,717
Passed Through – Brigham and Women’s Hospital – Respiratory infections and vaccination behaviors in patients with chronic inflammatory skin diseases	93.846	K23AR073932	–	16,982
			1,088,775	3,075,238
National Institute of Child Health Human Development				
Precision Medicine and Treatment (PreEMT)	93.865		–	11,322
Gestational Diabetes pathophysiology uncovered by placental transcriptomics	93.865		504,180	616,809
A Life course Approach to Women’s Metabolic and Bone Health: from Fertility to Perimenopause	93.865		362,364	891,512
Prenatal environmental determinants of health in young adulthood: a life course approach	93.865		23,520	999,514
Big data approaches for Safe Therapeutics in Healthy Pregnancies (BOOST-HP)	93.865		470,704	871,041
Precision Medicine Policy and Treatment (PreEMPT) Model II	93.865		56,000	413,535
Passed Through – Harvard School of Public Health – Long-Term Consequences of Birth by Cesarean Section	93.865	1R01HD093761-01A1	–	48,728
Passed Through – Johns Hopkins Bloomberg School Of Public Health – Evaluating a Healthy Restaurant Kids’ Meals Policy	93.865	R01HD100983	–	17,150
Passed Through – Tufts Medical Center Physicians Organization – Placental miRNAs paracrine and endocrine roles in insulin sensitivity in pregnancy	93.865	1R01HD109206-01	–	59,601
			1,416,768	3,929,212
National Institute of Diabetes, Digestive & Kidney Disorder				
Clinical and Health Care Use Outcomes for Vertical Sleeve Gastrectomy vs. Rouxen-Y Gastric Bypass Using a Nat’l Commercial Insurance Claims Dataset	93.847		199,480	238,658
New Insights into Federal Calorie Labeling Law	93.847		138,668	161,527
Medications and Weight Gain in PCORnet: The MedWeight Study	93.847		213,354	608,405
Label to Table: New Insights into Supermarket Food Labeling	93.847		109,811	427,288
Passed Through – Ann & Robert H. Lurie Children’s Hospital of Chicago – Aberrant DNA Methylation Underlying Adverse Prenatal Exposures and Increased Newborn Adiposity	93.847	1R01DK118403-01A1	–	74,344
Passed Through – Children’s Hospital Corporation – Optimizing Use of Continuous Glucose Monitoring (CGM) to Advance Health Equity Among Youth with Type 1 Diabetes (T1D)	93.847	K23DK133685	–	4,344
Passed Through – Harvard School of Public Health – Robust Methods for Missing Data in Electronic Health Records-Based Studies	93.847	1R01DK128150-01	–	21,269

Harvard Pilgrim Health Care, Inc.

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Passed Through – Massachusetts General Hospitals – Investigating the relationship of physical activity with insulin sensitivity, androgen concentrations, and PCOS risk among peripubertal females	93.847	1K23DK131322-01A1	\$ – \$	20,622
Passed Through – The Regents of the University of California – Leveraging Institutional Support for Talented, Underrepresented Physicians and/or Scientists / Insurance Design to Address Racial & Socioeconomic Disparities in Obesity?	93.847	U24DK132746	–	19,885
Passed Through – Trustees of the University of Pennsylvania – Evaluating the influence of a beverage tax on health outcomes	93.847	1R01DK123624-01A1	–	43,613
Passed Through – Vanderbilt University Medical Center- CODA: COvid and Diabetes Assessment	93.847	1U01DK137533-01	–	156,285
			661,313	1,776,240
National Institute of Environmental Health Sciences				
Maintain and Enrich Resource Infrastructure for Project Viva: a pre-birth cohort with follow-up into adolescence	93.113		–	390,351
Long-term Prospective Associations of PFAS with Musculoskeletal and Cardiovascular Health Among Older Adults	93.113		96,222	389,371
Passed Through – Brigham & Women’s Hospital – Early Life Exposure to the Natural, Built, and Social Environments and Incident Hypertension	93.113	5R01ES029840	–	60,100
Passed Through – Harvard School of Public Health – Per- and Polyfluoroalkyl substances mixtures and maternal cardiovascular disease risk across the reproductive life course	93.113	R01ES031065-01A1	–	64,225
Passed Through – Icahn School of Medicine at Mt. Sinai – EStress-Air Pollution Interactions and Adolescent Neurobehavior (Renewal)	93.113	R01ES013744	–	11,217
Passed Through – Maine Medical Center – Environmental chemicals, adiposity, and bone accrual across adolescence	93.113	1R01ES030101-01 REVISED	–	71,827
Passed Through – The Board of Trustees of the Leland Stanford – Prenatal and Postnatal Exposure to Environmental Mixtures: Neurodevelopment and DNA Methylation Biomarkers	93.113	R01ES031259	–	71,965
Passed Through – The Regents of the University of California – Prenatal and Postnatal Exposure to Environmental Mixtures: Neurodevelopment and DNA Methylation Biomarkers	93.113	R01ES031259	–	(6,832)
Passed Through – The Regents of the University of California -Toxic Substances in the Environment	93.143	2P42ES004705	–	46,358
Passed Through – University of Cincinnati – Epigenetics, air pollution, and childhood mental health	93.113	1R01ES031054-01A1	–	56,957
			96,222	1,155,539
National Institute of Mental Health				
Optimizing EHR-Based Prediction Models to Improve HIV PrEP Use in Community Health Centers	93.242		46,514	86,225
The Role of Sex in Genetic Association Studies of Depression	93.242		84,162	418,159
Insurance Mandate Generosity, COVID-19, and Health Care for Children with Autism	93.242		–	281,715
Predictive Analytics and Clinical Decision Support to Improve PrEP Prescribing in Community Health Centers (PrEDICT)	93.242		–	49,625
Passed Through – Emory University – STI Response and Recommendation Under PrEP	93.242	1R01MH128130-01A1	–	66,068
Passed Through – Kaiser Foundation Research Institute – Mental Health Research Network III	93.242	U19MH121738	–	28,754
Passed Through – The Washington University – St. Louis – Can the Medicare Quality Payment Program Incentivize Evidence-Based Treatment of Depression and Anxiety Disorders by Primary Care Providers?	93.242	7R01MH125820	–	112,289

Harvard Pilgrim Health Care, Inc.

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Passed Through – University of Texas Southwestern Medical Center- Hybrid implementation-effectiveness study to optimize HIV testing and PrEP in southern jail (HOTSPOT)	93.242	1R01MH129185-01	\$ –	\$ 44,163
			130,676	1,086,998
National Institute of Nursing Research				
Reducing Maternal Health Disparities: Effects of Recent Health Workforce Policies	93.361		16,767	682,026
Impact of the expiration of temporary pandemic SNAP benefits on the healthfulness of supermarket food purchases	93.361		60,000	111,364
			76,767	793,390
National Institute on Aging				
Novel Causal Inference Methods to Inform Clinical Decision on when to Discontinue Symptomatic Treatment for Patients with Dementia	93.866		–	77,051
Optimizing Care for Older Adults in the New Treatment Era for Type 2 Diabetes and Heart Failure: Strengthening Causal Inference Through Novel Approaches and Evidence Triangulation	93.866		–	132,547
Passed Through – Beth Israel Deaconess Medical Center – A Conversation Aid on Mammography Screening to Support Shared Decision Making between Clinicians and Women Aged 75 and Older	93.866	R01AG065311	–	39,009
Passed Through – Brigham & Women’s Hospital – Center for Stress and Neural Regulation of Reproductive Aging Health Outcomes	93.866	1U54AG062322-01A1	–	362,826
Passed Through – Brigham & Women’s Hospital – Neighborhood Vulnerability and Menopause and Cardiovascular Health in Midlife Women in Project Viva	93.866	5U54AG062322-04	–	48,078
Passed Through – Brown University – NIA AD/ADRD Health Care Systems Research	93.866	U54-AG063546	–	48,710
Passed Through – Brown University – NIA AD/ADRD Health Care Systems Research Collaboratory	93.866	5U54AG063546-03	–	292,843
Passed Through – University of Massachusetts Worcester – Developing a Program to Educate and Sensitize Caregivers to Reduce the Inappropriate Prescription Burden in Elderly with Alzheimer’s Disease Study (D-PRESCRIBE-AD)	93.866	1R61AG069794-01	–	202,382
Passed Through – University of Massachusetts Worcester – Preparing For What Is Next With Aducanumab In Real World Settings MGB/R33	93.866	R33AG057806	–	104,840
			–	1,308,286
National Institute on Drug Abuse				
Impact of Medicare Part D Opioid Safety Policies on Disabled Beneficiaries Before and During the COVID-19 Pandemic	93.279		239,034	686,502
Passed Through – Duke University – Impact of High Deductible Health Plans and COVID-19 on Alcohol Use Disorder Treatment Access, Outcomes, and Disparities	93.273	R01AA029819	10,865	10,865
Passed Through – Trustees of the University of Pennsylvania – Project SMART: Social Media Anti-vaping Messages to Reduce ENDS Use Among Sexual and Gender Minority Teens	93.279	1-R01-DA-054236-01	–	4,029
			249,899	701,396
National Institute on Minority Health and Health Disparities				
Impact of the National Health Service Corps on Health Disparities	93.307		69,154	364,950
Sexual orientation-related disparities in obstetrical and perinatal health	93.307		387,336	1,025,297
Underdiagnosis of primary immunodeficiency disorders among racial and ethnic minorities: Recognize and Educate	93.307		195,916	586,947
Improving representation of racial and ethnic minorities in pediatric clinical trials	93.307		97,133	319,393
			749,539	2,296,587

Harvard Pilgrim Health Care, Inc.

Schedule of Expenditures of Federal Awards (continued)

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
National Institutes of Health – Office of the Director				
Common and Distinct Early Environmental Influences on Cardio metabolism	93.310		\$ 326,348	\$ 1,993,572
Developing a Grassroot Engagement Framework to Overcome Barriers to African American Participation in Precision Medicine Research	93.RD		108,802	196,832
Neighborhoods and Health Across the Life Course: Early Life Inequities in Food Insecurity, Diet Quality, and Chemical Exposures	93.310		111,492	151,113
Passed Through – National Institutes of Health -OIF Neighborhood Opportunities and Disparities in Child	93.310	5U2COD023375-07	–	44,863
Passed Through – Cornell University – The PCORnet EHR Study of Post-Acute Sequelae of SARS-CoV-2 Infection in Adults	93.838	OT2HL 161847-01	–	41,333
			546,642	2,427,713
Office of Assist. Secretary for Planning and Evaluation				
Passed Through – The University of Texas at Austin – FHIR-enabled Social and Health Information Platform (FHIRed-SHIP): Integrating a closed-loop social services referral system into electronic health records in Federally Qualified Health Centers	93.345	90AX0033/01-00	–	11,640
			–	11,640
			\$ 25,959,700	\$ 74,298,268

Harvard Pilgrim Health Care, Inc.

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2023

1. Basis of Presentation and Summary of Significant Accounting Policies

Harvard Pilgrim Health Care, Inc. (the “Company”) operates as a health plan providing comprehensive health benefit plans, access to health care, and other related services in Massachusetts, New Hampshire, Maine, and Connecticut to group, individual, and Medicare members through contracts with physicians, established primary care and multi-specialty provider groups, hospitals, and other health care providers. Operations related to the Company’s federal grant programs are included in the scope of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The Company had one major program (research and development cluster) during the year ended December 31, 2023, which accounted for all of its federal award expenditures during 2023. The federal oversight agency for the Company is the Department of Health and Human Services (DHHS). Receipts from federal grants and disbursements of federal grant funds are recorded on the accrual basis of accounting. The accompanying statutory financial statements of the Company are also prepared on the accrual basis of accounting.

2. Summary of Facilities and Administrative Cost Recoveries

The Company has elected not to use the 10% indirect cost rate allowed under Uniform Guidance, and instead uses the modified total direct cost basis to determine the facilities and administrative rate. The modified total direct cost rate of 66%, effective during fiscal year 2023, was approved by DHHS.

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

To the Board of Directors of
Harvard Pilgrim Health Care, Inc.
Canton, Massachusetts

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the statutory-basis financial statements of Harvard Pilgrim Health Care, Inc. (the *Company*), which comprise the statement of admitted assets, liabilities, and capital and surplus as of December 31, 2023, and the related statements of operations, changes in capital and surplus and cash flow for the year then ended, and the related notes (collectively referred to as the “financial statements”), and have issued our report thereon dated September 30, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Company’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Company’s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

Harvard Pilgrim Health Care, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Company's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Company's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Ernst + Young LLP

September 30, 2024



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

To the Board of Directors of
Harvard Pilgrim Health Care, Inc.
Canton, Massachusetts

Report of Independent Auditors on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Harvard Pilgrim Health Care, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Harvard Pilgrim Health Care, Inc.'s major federal programs for the year ended December 31, 2023. Harvard Pilgrim Health Care, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Harvard Pilgrim Health Care, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Harvard Pilgrim Health Care, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Harvard Pilgrim Health Care, Inc.'s compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Ernst + Young LLP

September 30, 2024

Harvard Pilgrim Health Care, Inc.

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2023

Section I – Summary of Auditor’s Results

Financial Statements

Type of report the auditor issued on whether the statutory financial statements audited were prepared in accordance with accounting practices prescribed or permitted by the Division of Insurance of the Commonwealth of Massachusetts: Unmodified.

Internal control over financial reporting:

Material weaknesses identified?	<u> </u> Yes	<u> X </u> No
Significant deficiencies identified?	<u> X </u> Yes	<u> </u> None reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified?	<u> </u> Yes	<u> X </u> No
Significant deficiencies identified?	<u> </u> Yes	<u> X </u> None reported

Type of auditor’s report issued on compliance for major federal programs: Unmodified.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **Yes** X **No**

Identification of major federal programs:

Assistance Listing number:	Name of federal program or cluster
-----------------------------------	---

Various	Research and Development Cluster
---------	----------------------------------

Dollar threshold used to distinguish between Type A and Type B programs: \$2,228,948

Auditee qualified as low-risk auditee? X **Yes** **No**

Harvard Pilgrim Health Care, Inc.

Schedule of Findings and Questioned Costs (continued)

Section II – Financial Statement Findings

2023-001

Criteria:

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

Condition:

On April 17, 2023, the Company experienced a cybersecurity ransomware incident. Upon detection, the Company undertook an investigation, led by its outside counsel, who were assisted by external forensic consultants. The investigation determined that in the first quarter of 2023, a threat actor gained access to a system hosted by the Company's third-party IT managed services provider. Although the Company had in place a number of security measures, including an endpoint detection and response ("EDR") solution, the unauthorized access was not detected before the threat actor deployed encryption software and data was extracted. Ernst & Young LLP considered this to be a significant deficiency in the Company's internal control over financial reporting.

Cause:

Although the Company had in place a number of security measures, including an endpoint detection and response ("EDR") solution, the unauthorized access was not detected and terminated before the threat actor deployed encryption software and data was extracted.

Effect or potential effect:

Unauthorized access to the Company's IT environment could present a potential risk of unauthorized access to applications and systems housing the Company's financial systems.

Harvard Pilgrim Health Care, Inc.

Schedule of Findings and Questioned Costs (continued)

Section II – Financial Statement Findings (continued)

Recommendation:

Ernst & Young LLP recommended that management enhance security and monitoring applications and procedures to strengthen the enterprise control environment intended to prevent and detect future threat actors on a timely basis.

Views of responsible officials:

The Company has enhanced its security and monitoring applications and procedures to strengthen the enterprise control environment intended to prevent and detect future threat actors on a timely basis. Ernst & Young LLP concluded that the significant deficiency had been remediated as of December 31, 2023.

Section III – Federal Award Findings and Questioned Costs

None reported.

EY | Building a better working world

EY exists to build a better working world, helping to create long-term value for clients, people and society and build trust in the capital markets.

Enabled by data and technology, diverse EY teams in over 150 countries provide trust through assurance and help clients grow, transform and operate.

Working across assurance, consulting, law, strategy, tax and transactions, EY teams ask better questions to find new answers for the complex issues facing our world today.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. Information about how EY collects and uses personal data and a description of the rights individuals have under data protection legislation are available via ey.com/privacy. EY member firms do not practice law where prohibited by local laws. For more information about our organization, please visit ey.com.

Ernst & Young LLP is a client-serving member firm of Ernst & Young Global Limited operating in the US.

© 2024 Ernst & Young LLP.
All Rights Reserved.

ey.com