

## **EXECUTION VERSION**

### **SETTLEMENT AGREEMENT AND RELEASE**

This Settlement Agreement and Release (collectively, and as further defined in Section A.1 below, “Agreement”) is made and entered into among: (i) Centene Corporation and each of its subsidiaries (“Centene”), including, but not limited to, Coordinated Care of Washington, Inc., Coordinated Care Corporation, Centene Management Company LLC, and Envolve Pharmacy Solutions, Inc. (“Envolve”) (collectively, and as further defined in Section A.2 below, the “Centene Entities”); (ii) the Washington State Attorney General (“Attorney General”) and the Washington State Health Care Authority (“HCA”) on behalf of the State of Washington and all other State of Washington departments and divisions, agencies, bureaus, plans, and/or programs for which the Centene Entities provided any pharmacy benefit or service, or which paid or reimbursed any of the Centene Entities for providing such a pharmacy benefit or service and that the Attorney General and the HCA have authority to bind (collectively, and as further defined in Section A.14, the “State Entities”); and (iii) Paul Hurst (“Relator”). The Centene Entities, the State Entities, and Relator are each individually referred to as a “Party” and collectively referred to as the “Parties” or “Settling Parties.” This Agreement is intended by the Settling Parties to fully, finally and forever resolve, discharge and settle all potential causes of action arising from or in any way related to the pharmacy business of the Centene Entities in Washington and further defined in Section A.4 below as the “Covered Conduct,” during the defined time period running from January 1, 2016 through the execution of this Agreement (the “Settlement”).

### **RECITALS**

WHEREAS, following disclosures under Rev. Code Wash. 74.66 *et seq.* made to the State Entities by Cohen, Milstein, Sellers & Toll, PLLC (Cohen Milstein) beginning on or about May

7, 2019, the State Entities have been reviewing the operations of Coordinated Care of Washington, Inc. and its Pharmacy Benefit Manager, Envolv;

WHEREAS, on July 13, 2022, Relator filed a *qui tam* action in Thurston County Superior Court captioned *State of Washington, ex. rel. Paul Hurst v. Centene Corporation, Coordinated Care of Washington, Centene Management Company, and Envolv Pharmacy Solutions, Inc.*, Civil Action No. 22-2-01860-34, pursuant to the provisions of the Washington Medicaid False Claims Act, Rev. Code Wash. 74.66 *et seq.* (the “Civil Action”);

WHEREAS, the State contends that the Centene Entities, including “managed care entities” as defined by 42 U.S.C. § 1396u-2, caused “claims” for payment to be submitted to the State’s Medicaid Program as defined under Rev. Code Wash. 74.09 *et seq.* and 74.66 *et seq.*;

WHEREAS, the Centene Entities expressly deny liability, any wrongdoing, and/or any violation of any federal or state statute or regulation or common law, and the State Entities expressly do not concede that its allegations are not well founded;

WHEREAS, the Centene Entities recognize the importance of providing high quality and cost-effective pharmacy benefits or services to the State and the State’s need for transparency around the costs associated with those services;

WHEREAS, the State Entities acknowledge Centene’s good faith in reaching this resolution;

WHEREAS, the State Entities require full transparency from the Centene Entities around the costs and fees associated with pharmacy benefits or services paid for by the State;

WHEREAS, the Parties have investigated the facts and analyzed the relevant legal issues regarding concerns raised during the State Entities’ review;

WHEREAS, the Parties have each considered the costs and delays associated with the continued review and defense of the review, and have reached an agreement to resolve any and all claims, filed, unfiled, or which could be filed, by the State of Washington, any State Entities, or Relator arising from or in any way relating to the Centene Entities' provision of pharmacy benefits or services in connection with any Health Care Coverage provided by Centene Entities and/or conduct that could have been alleged by the Releasors involving the "Covered Conduct";

WHEREAS, the Parties believe the Settlement set forth herein (i) avoids the uncertainties of continued review and litigation and assures that the benefits reflected herein are obtained, and (ii) is fair, reasonable, and adequate and in the best interest of the people of the State of Washington;

WHEREAS, the Parties agree that neither this Agreement, nor any statement made in the negotiation thereof, shall be deemed or construed to be a concession as to any claim, an admission, evidence of any violation of any statute or law, evidence of any liability or wrongdoing by one or more Centene Entities or Releasees, or evidence of the truth of any of the claims or allegations made during the review; and

WHEREAS, arms-length settlement negotiations have taken place between the Centene Entities and the State Entities.

### **AGREEMENT**

NOW, THEREFORE, IT IS HEREBY AGREED by and among the State Entities, Relator, and the Centene Entities, by and through their respective counsel, that the Recitals described above are hereby incorporated into this Agreement, and there is a Settlement between the State Entities, Relator, and the Centene Entities as further set forth below.

**A. Definitions.** As used in this Agreement, the following capitalized terms have the meanings specified below.

1. “Agreement” means this Settlement Agreement and Release, together with any exhibits attached hereto.
2. “Bankruptcy Event” means the occurrence of any of the following: (a) Centene Corporation applies for, consents to, or acquiesces in the appointment of a trustee, receiver or other custodian for Centene Corporation or for a substantial part of its assets, or makes a general assignment for the benefit of creditors; or, in the absence of such application, consent or acquiescence, a court of competent jurisdiction enters a Final Order appointing a trustee, receiver or other custodian for Centene Corporation or for a substantial part of Centene Corporation’s assets; or (b) any bankruptcy, reorganization, debt arrangement, or other case or proceeding under any bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is commenced in respect of Centene Corporation, and if such case or proceeding is not commenced by Centene Corporation, it is either (i) consented to or acquiesced in by Centene Corporation, or (ii) is not dismissed within a period of ninety-one (91) consecutive days following the commencement.
3. “Centene Entities” means Centene Corporation and each of its current and former subsidiaries and affiliates, including, but not limited to Coordinated Care of Washington, Inc., Coordinated Care Corporation, Health Net Life Insurance Company, Centene Management Company LLC, and Envolve Pharmacy Solutions, Inc.
4. “Covered Conduct” means any and all acts, conduct, omissions, events or transactions, whether known or unknown and whether discovered or undiscovered, during the period from January 1, 2016 up to and including the Effective Date, relating to the operation or delivery of, or payment for, all pharmacy benefits or services by any of the Centene Entities as part of, or in connection with, the provision of Health Care Coverage, including, but not limited to: (i) the payment or reimbursement to or from any State of Washington departments, divisions, agencies, bureaus, plans, and/or programs for pharmacy benefits or services, including, but not limited to, any alleged mis-allocation or non-allocation of payments; (ii) the adjudication of such pharmacy benefit claims by any of the Centene Entities; and (iii) the reporting (directly or indirectly) by any of the Centene Entities to any state department or division, agency, bureau, plan, and/or program. Covered Conduct does not include state or federal tax reporting obligations and liabilities.

5. “Effective Date” means the date upon which all of the following have occurred: (i) the Centene Entities have executed this Agreement; (ii) the State Entities have executed this Agreement with the requisite authority under State law necessary to bind the State Entities; and (iii) Relator has executed this Agreement.
6. “Final Order” means an action taken or order issued by a governmental authority (i) as to which no appeal, notice of appeal, motion to amend or make additional findings of fact, motion to alter or amend judgment, motion for hearing or motion for a new trial, request for stay, motion for request for consideration, application or request for review, or other similar motion, application, notice, or request (collectively, a “Challenge”) has been timely filed, or if any of the foregoing has been timely filed, it has been disposed of in a manner that upholds and affirms the subject order in all respects without the possibility for further Challenge thereon, and (ii) as to which the time for instituting or filing a Challenge shall have expired.
7. “Health Care Coverage” means the offering or provision of health insurance or coverage of health care services in the State of Washington by any Releasee, including, but not limited to coverage provided as part of the Medicaid managed care program, the Children’s Health Insurance Program, Medicare Advantage, policies offered or sold in the individual insurance market, or policies offered or sold to large and small group customers.
8. “Parties” and “Settling Parties” have the meaning ascribed to them in the opening paragraph.
9. “Releasees” means (i) the Centene Entities; (ii) all past and present subsidiary and affiliated United States and foreign corporations, companies, or limited liability entities owned, in whole or in part, by any of the Releasees, including RxAdvance (which is now known as NirvanaHealth); (iii) WellCare Health Plans, Inc. (including any past or present WellCare subsidiaries and related companies), to the extent such subsidiaries’ or affiliated companies’ activities related to or supported, directly or indirectly, the provision of pharmacy benefits or services and as part of, or in connection with, the provision of Health Care Coverage; and (iv) for each of the foregoing in (i), (ii) and (iii), each of their respective past, present, and future officers, board members, directors, principals, agents, servants, employees, successors, assigns, affiliates, advisors, agents, consultants, insurers, trusts (including trusts established for the benefit of any Releasee), trustees, protectors, beneficiaries, officers, managers, members, direct or indirect owners and/or shareholders, beneficiaries of direct or indirect owners and/or shareholders, partners (general or limited), representatives, parents, subsidiaries, and transferees, attorneys and legal representatives, as well as the predecessors, successors, heirs, executors, administrators, legatees and assigns of each of the foregoing. Specifically excluded from

this definition are any third-parties not related to or affiliated with the Centene Entities, including all manufacturers, distributors, or sellers of pharmaceutical products or pharmacy benefit or service, as well as any non-affiliated subcontractors. (The intent of this provision is to ensure that entities unaffiliated with the Centene Entities and other Releasees are not released, even though they may have participated in the provision of pharmacy services to the health plans of the State of Washington pursuant to a contractual relationship with one or more of the Releasees.) Furthermore, this release shall not in any way prevent Centene Entities from seeking indemnification against their respective insurers. As used in this paragraph, “affiliates” or “affiliated” means entities directly or indirectly controlling, controlled by, or under common control or ownership with a Releasee.

10. “Released Claims” means any and all civil claims of any nature, including the Medicaid Fraud False Claims Act, Rev. Code Wash. 74.66 *et seq.* and the State’s other state and federal statutory and common law claims, in law or equity that could have been brought by the Releasors as a result of the Covered Conduct. Notwithstanding any provision of this Agreement to the contrary, the following claims are specifically reserved and not released by the Releasors: (i) any criminal liability; (ii) any liability to the State for any conduct other than the Covered Conduct; (iii) any liability based upon obligations created by this Agreement; (iv) any liability for failure to deliver goods or services due; (v) any liability for personal injury arising from the Covered Conduct; and (vi) any civil or administrative liability that any person or entity, including any of the Centene Entities, has or may have to individual consumers including, but not limited to, claims involving unlawful or illegal conduct based on state or federal antitrust violations or consumer protection violations, with the specific exception that the Releasors are releasing any claims they might bring on behalf of individuals pursuant to its *parens patriae* powers, to the extent such claims may exist. Nothing in this definition of Released Claims or in this Settlement is intended to resolve, settle or otherwise preclude any review of the Centene Entities by a State of Washington regulatory agency for activity not part of the Covered Conduct. Notwithstanding the above, the Centene Entities and State Entities understand that if the federal government for whatever reason excludes any of the Centene Entities from participation in Medicaid, the State cannot contract with such excluded entity.
11. “Releasors” means: (i) the Washington State Attorney General and the Washington State Health Care Authority; (ii) any state department, division, agency, plan, and/or program by the State (1) for which any of the Centene Entities provided any pharmacy benefit or service, or (2) which paid or reimbursed any of the Centene Entities for providing such pharmacy benefit or service, or (3) which could have claims related to the Covered Conduct

against any of the Centene Entities, and on whose behalf the Attorney General shall possess, or obtain, the authority to bind; and (iii) Relator.

12. "Settlement Amount" has the meaning ascribed to it in Section B.2(a) of this Agreement.
13. "State Managed Care Contract(s)" shall mean the Washington Apple Health Integrated Managed Care or Integrated Foster Care contracts, or any other managed care contracts existing between the State Entities and the Centene Entities as of the Effective Date.
14. "State of Washington," "State" or "State Entities" means the Washington State Attorney General and the Washington State Health Care Authority, and all other departments or divisions, agencies, bureaus, plans, and/or programs which have any authority over the Centene Entities' provision of pharmacy benefits or services that the State Entities have authority to bind.

**B. Settlement Amount and Other Obligations of Settling Parties.**

1. Upon execution of this Agreement, the Settling Parties will take all steps necessary to cause the Effective Date to be reached.

2. Following the Effective Date at the times and in the manner set forth below, the Centene Entities shall cause payments to be made by wire transfer pursuant to written instructions, as follows.

(a) The amount of THIRTY-THREE MILLION THREE HUNDRED AND THIRTY-THREE THOUSAND AND THREE HUNDRED AND THIRTY-THREE DOLLARS (\$33,333,333.00) ("Settlement Amount") shall be payable to the Washington State Attorney General's Office, from which the Attorney General will pay the Relator's share via separate agreement. The Settlement Amount shall constitute a debt due and owing to the State Entities on the Effective Date of Agreement. The debt shall forever be discharged by payments to the State Entities as follows:

1. The Settlement Amount shall be paid in two equal installments. The installments shall be paid by wire transfer to an account of the Washington

State Attorney General's Office in the manner to be directed in writing by the Attorney General pursuant to the Notice provisions of this Agreement.

The first installment shall be paid within forty-five (45) days of the Effective Date and the second installment shall be paid no later than one year following the first installment.

(b) The Centene Entities' obligation to pay each installment of the Settlement Amount shall be fully satisfied and extinguished upon completion of the wire transfer deposit of such installment as directed by the Attorney General.

(c) Contingent upon receipt of the first installment of the Settlement Amount, the State agrees to pay the Relator a share of the Settlement Amount. This amount is to be paid through the Attorney General's Office via a side letter with the Relator. In all respects, the Centene Entities shall have no obligation with respect to any allocation or distribution of the Settlement Amount among Releasers, expressly acknowledge and agree that they are not entitled to direct or influence the manner in which the State allocates the Settlement Amount, and take no position on the allocation of the Settlement Amount as provided for in this Agreement.

(d) Relator and his heirs, successors, attorneys, agents, and assigns do not object to this Agreement; Relator and his heirs, successors, attorneys, agents, and assigns agree and confirm that the terms of this Agreement are fair, adequate, and reasonable under all the circumstances, pursuant to RCW 74.66.060(2)(b) and 31 U.S.C. § 3730(c)(2)(B).

**3. THIS PARAGRAPH CONTAINS AN INDEMNITY AND HAS BEEN READ CAREFULLY BY RELATOR.** Relator expressly INDEMNIFIES and holds the Centene



Entities harmless from and against any further claims by persons or entities who have represented Relator in connection with the claims released herein for any portion of the Settlement Amount.

4. It is expressly agreed by the Settling Parties that the Settlement Amount to be paid pursuant to this Agreement fully and completely satisfies any repayment or reimbursement obligation (including, but not limited to any percentage of the Settlement Amount, if any, that may need to be paid to the federal government) of any Releasees that arise from or relate in any way to the Covered Conduct and the Released Claims that are being released pursuant to this Agreement.

5. The Centene Entities agree to provide to the State in a timely manner any information requested by the State and assist the State in calculating, explaining, or defending the appropriate allocation of the Settlement Amount to the federal government should the federal government inquire about, take administrative action related to, or assert a claim against or relating to the Settlement Amount.

6. The Centene Entities shall comply with the requirements of Washington's applicable laws, policies, and contractual obligations, as well as applicable federal law when engaging in the operation or delivery of, or receiving payment for, any pharmacy benefit or service in or affecting Washington, and will do so with respect to any benefit operations they conduct in the State of Washington, or reports they make concerning such operations to the State or any other Releasors. Pharmacy benefits and services shall continue to be delivered in the normal course of business pursuant to the terms of any State Managed Care Contracts and in any contracts that may be entered into after the Effective Date between the State Entities and the Centene Entities. Going forward, the Centene Entities shall ensure transparency related to the adjudication and payment of all pharmacy benefit or services claims consistent with the requirements of the State Managed Care Contracts and applicable law, guidance, and instructions, including, but not limited to, claims

level detail that identifies the exact amount paid for each pharmacy benefit or service when and where that detailed information is required to be reported.

7. For the avoidance of doubt, nothing in this Agreement shall be construed or used to prohibit the Parties in any way whatsoever from taking legal or factual positions in litigation or other legal or administrative proceedings or from providing extrajudicial statements made in the context of such litigation or other legal or administrative proceedings.

8. Other than as set forth in this Agreement, the State Managed Care Contracts shall remain in full force and effect, including, but not limited to, HCA's responsibility to conduct periodic audits pursuant to 42 CFR 438.602(e), which may include an audit relating to the Covered Conduct. This paragraph is also not meant to preclude the State Entities and Centene Entities from exercising their respective termination rights under the terms of the State Managed Care Contracts or that they are obligated to renew or enter into future contracts; for avoidance of doubt, neither the Covered Conduct nor anything contained in this Agreement shall be cited as a sole ground for termination of any of the State Managed Care Contracts.

9. The Centene Entities agree that they shall not seek reimbursement for any portion of the Settlement Costs from any health care beneficiaries or their parents, sponsors, legally responsible individuals, or third party payors based upon the claims defined as the Covered Conduct. For avoidance of doubt, this Agreement shall not in any way prevent Centene Entities from seeking indemnification against their respective insurers.

**C. Settlement of Claims and State Entities Release.** The State Entities and Centene Entities hereby agree to settle the Released Claims. The State Entities contend that the review was initiated to protect the legitimate interest of pharmacy benefits or services paid for by or through the State or State Entities, and the State agrees that settlement on these terms is in the statewide

interest. The Centene Entities maintain they have operated in Washington in compliance with all applicable laws and regulations and that the Centene Entities provided quality healthcare and added value to the Medicaid program, but also agree that settlement on these terms is in all Parties' interest. Subject to the exceptions in Sections A.10 [reserved claims], G [clarifications], M.8 [default], and M.9 [bankruptcy], on the Effective Date, the State Entities hereby release the Releasees, and shall be deemed to have fully, finally, forever and permanently released, remised, acquitted, held harmless, relinquished and discharged with prejudice all Released Claims, and shall have covenanted not to sue any Releasee with respect to any such Released Claims relating to the Covered Conduct. The State Entities shall be deemed to have released all Released Claims related to the Covered Conduct, including all claims of any and all state departments, divisions, agencies, bureaus, plans, and/or programs which have any authority over the Centene Entities' provision of pharmacy benefits or services regardless of whether any of the State Entities ever seek or obtain, by any means, any distribution under this Agreement. Except as limited by Sections A.10 [reserved claims], G [clarifications], M.8 [default], and M.9 [bankruptcy], and the State Entities authority to bind, the State Entities shall be deemed to have released all claims against the Releasees that have been or could have been brought by State Entities for the Covered Conduct, including, but not limited to the State's state and federal statutory or regulatory authority, and/or common law claims, in law or equity, including to the extent the State Entities have the authority and capacity to grant such release, all *parens patriae*, sovereign, quasi-sovereign, private attorney general, *qui tam*, or taxpayer claims.

**D. Waiver and Discharge of State.** In consideration of the obligations of the State Entities set forth in this Agreement, the Centene Entities waive and discharge the State and any of its agencies, divisions, departments, and personnel including, but not limited to, officials,

employees, and agents, whether current or former, in their official and individual capacities, from any causes of action (including attorneys' fees, costs, and expenses of every kind and however denominated) which the Centene Entities have asserted, could have asserted, or may assert in the future against the State and any of its agencies, departments, and personnel as previously referenced arising from the State's investigation and prosecution of the Covered Conduct.

**E. Relator Release.** Subject to the exceptions in Sections A.10 [reserved claims], M.8 [default], and M.9 [bankruptcy], and contingent upon the Centene Entities' payment of the first installment to the Attorney General, Relator for himself and his heirs, successors, attorneys, agents, and assigns, hereby releases the Releasees from any and all manner of claims, proceedings, liens, and causes of action of any kind or description that Relator has or may have against the Releasees for the Covered Conduct, and shall have covenanted not to sue any Releasee relating to the Covered Conduct; provided, however, that nothing in this Agreement shall preclude Relator from seeking to recover reasonable attorneys' fees and costs pursuant to RCW 74.66 *et seq.*, nor alter any statutory requirement for the Centene Entities to pay Relator reasonable attorneys' fees and costs that may exist under RCW 74.66.070. Such Relator's reasonable attorneys' fees and costs are being resolved via separate simultaneously executed agreement between the Centene Entities, Relator, and Relator's counsel ("Relator's Counsel Agreement."), and nothing herein shall restrict, expand, or modify the terms of the Relator's Counsel Agreement.

**F. Centene Release To Relator.** In consideration of the execution of this Agreement by Relator and the Relator's release as set forth in Section E above, the Centene Entities, including its subsidiaries, predecessors, and corporate successors and assigns, as well as all of its current and former officers, directors, employees, attorneys, and other agents, release Relator and his heirs, successors, attorneys, agents, and assigns, from any and all manner of claims, proceedings, liens,

and causes of action of any kind or description that the Centene Entities have against Relator related to or arising from the Civil Action; provided, however, that nothing in this Agreement shall constitute a waiver of the Centene Entities' rights with respect to any claims or requests for Relator's attorneys' fees and costs. Such Relator's attorneys' fees and costs are being resolved via the Relator's Counsel Agreement, and nothing herein shall restrict, expand, or modify the terms of the Relator's Counsel Agreement.

**G. Clarification of Future Reporting Obligations, Settlement Cost Treatment, and Liability.** The State Entities and the Centene Entities agree to the following.

1. **"Post-2021 Submission(s)"** shall mean the Centene Entities' future calculations, submissions, or reports for the Washington Apple Health Integrated Managed Care or Integrated Foster Care programs with respect to the following: (i) rate setting; (ii) service based enhancement payments for non-risk based services; (iii) medical loss ratio; (iv) risk corridor; and/or (v) gain share, which originally came due in the ordinary course under the terms of the State Managed Care Contracts after December 31, 2021. For avoidance of doubt, "Post-2021 Submissions" does not include resubmissions of calculations, submissions, or reports that originally came due and/or were submitted on or before December 31, 2021 (for example, the CY2016 - CY2020 gain share calculations).

2. **"Pre-2022 Submission(s)"** shall mean the Centene Entities' prior calculations, submissions, or reports for the Washington Apple Health Integrated Managed Care or Integrated Foster Care programs with respect to the following: (i) rate setting; (ii) service based enhancement payments for non-risk based services; (iii) medical loss ratio; (iv) risk corridor; and/or (v) gain share, which originally came due in the ordinary course under the terms of the State Managed Care Contracts before January 1, 2022.

3. **“Settlement Costs”** shall mean all costs incurred by or on behalf of the Centene Entities, its present or former officers, directors, employees, shareholders, and agents in connection with the following:

- (a) The States’ audit(s) and civil investigation(s) of matters covered by this Agreement;
- (b) The Centene Entities’ investigation, defense, and corrective actions undertaken independently or in response to the States’ audit(s) and/or civil investigation(s) in connection with matters covered by this Agreement (including any attorneys’ fees);
- (c) The negotiation and performance of this Agreement; and
- (d) Any payment the Centene Entities make pursuant to this Agreement, including, but not limited to, the Settlement Amount and any payment the Centene Entities may make pursuant to the “Relator’s Counsel Agreement” (as defined in Section E).

4. **Treatment of Settlement Costs.** No portion of the Settlement Costs shall be reported, reflected, included, or otherwise considered by the Centene Entities in a manner that would in any way impact Post-2021 Submissions. Nothing in this Agreement in any way affects or impairs the Centene Entities’ obligations under the State Managed Care Contracts as it relates to Post-2021 Submissions.

5. **Continuing Disclosure Obligations.** If any errors in Pre-2022 Submissions related to the Covered Conduct are discovered after the Effective Date of this Agreement, then within 60 days of the date of discovery, the Centene Entities shall identify to the applicable State Entities such payments sought from the State or any State Medicaid or CHIP program in any Pre-2022 Submission, including, but not limited to, payments sought in any cost reports, cost statements, information reports, or payment requests submitted by the Centene Entities or any of its subsidiaries or affiliates. Such continuing disclosures shall not be considered Post-2021

Submissions and will not result in any additional liability for the Centene Entities except in the limited circumstance provided for in Section G.9 below.

6. **Post-2021 Submissions Not Released.** The Centene Entities agree that any liability or other obligations resulting from errors in Post-2021 Submissions are not released under this Agreement, including, but not limited to, any Post-2021 Submissions that includes Pre-2022 claims data or other information that have any impact to calculations determined after December 31, 2021 involving (i) rate setting; (ii) service based enhancement payments for non-risk based services; (iii) medical loss ratio; (iv) risk corridor; and/or (v) gain share calculations. The State Entities reserve the right to make necessary adjustments to any Post-2021 Submissions, including any Post-2021 Submissions that uses Pre-2022 claims data or information that have any impact to calculations determined after December 31, 2021 involving (i) rate setting; (ii) service based enhancement payments for non-risk based services; (iii) medical loss ratio; (iv) risk corridor; and/or (v) gain share calculations, and the Centene Entities reserve the right to disagree with any such adjustments proposed by the State Entities, with any such disagreements to be resolved in accordance with the terms of the applicable State Managed Care Contracts.

7. **Other Reporting Adjustments.** The Centene Entities agree that any other cost reports, cost statements, information reports, or payment requests, even if originally submitted prior to December 31, 2021, may be adjusted by the State or at the request of the State to account for any effect of the inclusion of any errors in reporting or improper payments to or from the State related to the Covered Conduct. Such adjustments shall not be considered Post-2021 Submissions and will not result in any additional liability for the Centene Entities except in the limited circumstance provided for in Section G.9 below. The State Entities and the Centene Entities reserve the right to disagree with respect to what adjustments may be necessary, with any such

disagreement to be resolved in accordance with the terms of the applicable State Managed Care Contracts.

8. **Continuing Audit Rights.** Subject to the clarification in Section G.9 below, nothing in this Agreement shall constitute a waiver of the right of the State Entities to audit, examine, or re-examine the Centene Entities' books and records pursuant to the terms of any of the State Managed Care Contracts.

9. **Additional Liability for Covered Conduct.** Notwithstanding the foregoing provisions of Section G.1 through G.7, and for avoidance of doubt, the Centene Entities will in no event be obligated to pay or have additional liability to the State Entities in addition to the Settlement Amount (financial or otherwise) for any Covered Conduct related to service dates from January 1, 2016 through the Effective Date of the Agreement, unless and only to the extent such Covered Conduct directly impacts a Post-2021 Submission in a manner that results in an amount owed by the Centene Entities or other liability pursuant to that Post-2021 Submission. Notwithstanding the foregoing provisions of Section G.1 through G.9, and for avoidance of doubt, the State Entities are not providing a release of any sort as it relates to any improper submissions or conduct by the Centene Entities after the Effective Date of this Agreement.

H. **Good Faith Settlement.** To the extent necessary under applicable law to extinguish claims for contribution and/or indemnity against any Releasees for the Released Claims due to a contribution or indemnity claim by a third party, if any, based on the Covered Conduct, the Releasors further agree: (i) to obtain a determination from a court of competent jurisdiction that this Settlement is a good faith settlement; and/or (ii) reduce any judgment Releasors might recover against any person or entity other than any Releasee by release and discharge in an amount, fraction, portion, or percentage necessary under applicable law to bar, eliminate, or satisfy claims



against the Releasees for contribution and/or indemnity to the fullest extent permitted by applicable law that arise from, or in any way relate to the Covered Conduct and Released Claims released herein.

**I. Dismissal of Lawsuit.** The State and the Relator agree to file a stipulation and order of dismissal of the Civil Action within five (5) days of the Effective Date. The stipulation and order of dismissal will request dismissal of the Civil Action with prejudice, except as set forth in paragraph M.9 of this Agreement, and also request that the Civil Action be fully dismissed with prejudice upon the expiration of the timeframe set forth in paragraph M.9 without any further action of the Court or of any of the Settling Parties. The State also agrees to dismiss with prejudice any state law claims which the State has authority to dismiss if any are currently pending against the Centene Entities.

**J. No Other Actions.** The State Entities and Relator represent and warrant that, at the time of the execution of this Agreement, they are not aware of any other filed, anticipated, or proposed *qui tam* or other actions against the Centene Entities alleging a violation of Washington law related in any way to the Covered Conduct, including, but not limited to under the Washington Medicaid Fraud False Claims Act, RCW 74.66.005 *et seq.* In the event another *qui tam* action related to the Covered Conduct is filed in Washington against the Centene Entities, the State will evaluate such action to determine whether it involves the exact same claims as the Covered Conduct. As long as the subsequently filed Washington *qui tam* claims are exactly contemplated in the definition of the Covered Conduct, as determined by the State, the State will not oppose a dismissal of any such claims. For avoidance of doubt, the State's refusal or failure to determine that the subsequently filed Washington *qui tam* claims are exactly contemplated in

the definition of the Covered Conduct shall not prohibit or limit the Centene Entities' ability to move to dismiss and/or otherwise defend against such claims.

**K. Enforcement of the Agreement.** Any Party may bring an action in the State of Washington, Thurston County Superior Court in accordance with Section M.3 to enforce the terms of this Agreement (or for a declaratory order construing any such term) with respect to disputes, alleged violations or alleged breaches. It is within the Washington Court's discretion to enter either a declaratory or enforcement order and such order is subject to appellate review.

**L. No Admission of Liability.** The Settling Parties intend the Settlement as described herein to be a final and complete resolution of all disputes between them that relate to the Covered Conduct, and it shall not be deemed an admission by any of the Settling Parties as to the merits or lack of merit of any claim or defense or any allegation made, or which could have been made, in the review.

**M. Miscellaneous Provisions.**

1. **Use of Agreement as Evidence.** It is the intent of the Settling Parties that neither this Agreement nor the Settlement, nor any act performed or document executed pursuant to or in furtherance of this Agreement or the Settlement: (i) is or may be deemed to be or may be used as an admission of, or evidence of, the Covered Conduct, or of any wrongdoing or liability of Releasees; or (ii) is or may be deemed to be or may be used as an admission of, or evidence of, any liability, fault or omission of the Releasees in any civil, criminal or administrative proceeding in any court, administrative agency or other tribunal. Neither this Agreement nor the Settlement, nor any act performed or document executed pursuant to or in furtherance of this Agreement or the Settlement, shall be admissible in any proceeding for any purpose, except to enforce the terms of the Settlement, and except that the Releasees may file this Agreement in any action for any

purpose, including, but not limited to, in order to support a defense or counterclaim based on principles of *res judicata*, collateral estoppel, release, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or counterclaim.

2.     **Voluntary Settlement.** This Agreement was negotiated in good faith and at arms-length and the exchange of the Settlement Amount for the releases set forth herein is an exchange of reasonably equivalent value.

3.     **Resolution of Disputes.** Any disputes between or among the Parties concerning matters regarding this Agreement shall, if they cannot be resolved by negotiation and agreement in the first instance, be referred to the State of Washington, Thurston County Superior Court for resolution. Prior to any referral to the Court, any dispute must first be raised in a written notice pursuant to Section M.5 below between the Parties between whom the dispute has arisen, and such Parties must engage in good faith negotiations. No filing with the Court can occur prior to at least 30 days after the presentation of such written notice.

4.     **Authorization to Enter Agreement.** The undersigned representatives of the Centene Entities represent and warrant that they are fully authorized to enter into and to execute this Agreement on behalf of the Centene Entities, and the Centene Entities have the power and authority to enter into and perform this Agreement, and the execution and performance of this Agreement has been duly authorized by all requisite corporate or other legal action. The State Entities represent and warrant that they are expressly authorized by the State to take all action required or permitted to be taken pursuant to this Agreement to effectuate its terms and to enter into and execute this Agreement as binding upon all State Releasers. Relator represents and warrants that he is of sound mind, over the age of twenty-one (21) years old, has consulted with

legal counsel of his choosing regarding the terms, rights, and obligations of this Agreement, and is authorized to execute this Agreement.

5.     **Notices.** All notices to counsel under this Agreement shall be in writing. Each such notice shall be given either by (i) e-mail; (ii) hand delivery; or (iii) registered or certified mail, return receipt requested, postage pre-paid; and shall be addressed to counsel at their addresses set forth on the signature page hereof.

6.     **Tax.** The Settlement Amount to be paid pursuant to this Agreement fully and completely satisfies any repayment or reimbursement obligation (including any amount that may need to be paid to the federal government) of any Releasees that arise from or relate in any way to the Covered Conduct and the Released Claims that are being released pursuant to this Settlement. All amounts paid (or actions taken) by Centene pursuant to this agreement are for restitution or to come into compliance with the law within the meaning of those terms under 26 U.S.C. § 162(f) and Treas. Reg. § 1.162-21. No portion of any amount paid under this agreement constitutes a fine, penalty, punitive damages, disgorgement of profits beyond restitution, or an amount paid in settlement of any claim for any of the foregoing. The State takes no position on the tax treatment. Centene will provide the Attorney General's Office with a W-9 form within five (5) days of the Effective Date.

7.     **Non-Appealable and Binding Agreement.** This Agreement shall constitute a final resolution upon the Effective Date. This Agreement shall be binding upon, and inure to the benefit of, the successors and assigns of the Settling Parties.

8.     **Default.** The Centene Entities shall be in Default of this Agreement if the Centene Entities fail to make the required payments set forth in Section B.2(a) on or before the due date for such payment ("Default"). The Attorney General will provide a written Notice of

Default to the Centene Entities of any Default in the manner set forth in Section M.5. The Centene Entities agree that interest at the rate of 12% per annum will begin to accrue on any unpaid balance of the Settlement Amount from the date of the Notice of Default until the Default is cured. The Centene Entities shall then have an opportunity to cure the Default within thirty (30) calendar days from the date of receipt of the Notice of Default by making the payment due and paying the additional interest accruing up to the date of payment. If the Centene Entities fail to cure the Default within thirty (30) calendar days of receiving the Notice of Default (“Uncured Default”), interest on the remaining unpaid balance shall thereafter accrue at the rate of 12% per annum, compounded daily from the date of Notice of Default, on the remaining unpaid balance (principal and interest balance). The Centene Entities also agree that the State Entities, at their sole discretion, may (i) take any action to enforce this Agreement in a new action; and/or (ii) exercise any other right granted by law, or under the terms of this Agreement, or recognizable at common law or in equity. The State Entities shall be entitled to any other rights granted by law or in equity by reason of Default, including, but not limited to, reasonable attorneys’ fees and expenses incurred in such an action.

9. **Bankruptcy Event.** Centene has reviewed its financial situation and believes that it is solvent within the meaning of 11 U.S.C. §§ 547(b)(3) and 548(a)(1)(B)(ii)(I) and believes that it will remain solvent following full payment to the State Entities of the Settlement Amount. In evaluating whether to execute this Settlement Agreement, the Parties (i) intend that the mutual promises, covenants, and obligations set forth herein constitute a contemporaneous exchange for new value given to Centene Corporation, within the meaning of 11 U.S.C. §547(c)(1), and (ii) conclude that these mutual promises, covenants, and obligations do, in fact, constitute such a contemporaneous exchange. The mutual promises, covenants, and

obligations set forth herein are intended by the Parties to, and do, in fact, constitute a reasonably equivalent exchange of value. The Parties do not intend to hinder, delay, or defraud any entity to which Centene Corporation was or became indebted to on or after the date of transfer of the first installment contemplated in this Settlement Agreement, within the meaning of 11 U.S.C. § 548(a)(1). In the event a Bankruptcy Event occurs within 91 days of the tender and negotiation of the first installment of the Settlement Amount as set forth in Paragraph B.2(a) this Agreement shall not constitute a contract or novation. If, a Bankruptcy Event occurs within 91 days of the payment of the first installment of the Settlement Amount as set forth in Paragraph B.2(a), the State Entities may, upon written notice to Centene Corporation, rescind this Agreement and bring any civil and/or administrative claim, action, or proceeding against the Centene Entities for the claims that would otherwise be covered by this Agreement; *provided, however*, that such rescission shall only become effective upon (x) the exercise of a trustee's avoidance powers under the Bankruptcy Code or such other order of avoidance is issued by a receiver, trustee, custodian or a court of law; and (y) the full surrender to the trustee or Centene Entities, whichever is applicable, by the State Entities the first installment payment paid by the Centene Entities to the State Entities under this Agreement. In such circumstance, the Parties reserve all rights and the Parties agree that the Agreement shall not be used by any Party for any purpose including, but not limited to, limiting the extent of the Centene Entities' liability to the State Parties, the Centene Entities' ability to defend against any and all claims or actions, or the State Parties right to assert any and all claims against the Centene Entities.

10. **Confidentiality.** The terms of the Agreement will remain confidential until such time as the Effective Date. Nothing herein prevents the Settling Parties from disclosing the terms of the Settlement to those necessary in connection with normal business reporting practices

and to obtain the necessary authority to execute this Agreement, or if disclosure would otherwise be required under law, including the Freedom of Information Act or Rev. Code Wash. 42.56 *et seq.*

11. **Choice of Law.** Any dispute arising from or in connection with the completion and execution of the Agreement shall be governed by Washington law without regard to its choice of law provisions or by any controlling federal law.

12. **No Conflict Intended.** The headings used in this Agreement are intended for the convenience of the reader only and shall not affect the meaning or interpretation of this Agreement. Further, where the context so requires, terms used in the singular in this Agreement shall be deemed to include the plural and vice versa.

13. **No Party Deemed to be the Drafter.** None of the Parties hereto shall be deemed to be the drafter of this Agreement or any provision hereof for the purpose of any statute, case law or rule of interpretation or construction that would or might cause any provision to be construed against the drafter hereof.

14. **Amendment; Waiver.** This Agreement shall not be modified in any respect except by a writing executed by all the Settling Parties hereto, and the waiver of any rights conferred hereunder shall be effective only if made by written instrument of the waiving Party. The waiver by any Party of any breach of this Agreement shall not be deemed or construed as a waiver of any other breach, whether prior, subsequent or contemporaneous, of this Agreement.

15. **Execution in Counterparts.** This Agreement may be executed in one or more counterparts. All executed counterparts and each of them shall be deemed to be one and the same instrument. Counsel for the Parties to this Agreement shall exchange among themselves original signed counterparts and a complete set of executed counterparts shall have the same force

as a fully executed original Agreement. The Parties agree that this Agreement and any other documents to be delivered in connection herewith may be electronically signed, and any electronic signatures appearing on this Agreement or such other documents are the same as handwritten signatures for the purposes of validity, enforceability, and admissibility

16. **Integrated Agreement.** The Relator represents and acknowledges that (i) in entering into this this Agreement, the side letter with the State related to the Relator's share, and the simultaneously executed Relator's Counsel Agreement (together, "Relator's Agreements"), the Relator is not relying on any promises or representations other than those expressly set forth in Relator's Agreements, and (ii) the Relator's Agreements constitute Relator's entire agreements with the other Settling Parties with respect to the subject matter hereof, and supersedes all prior agreements and understandings, both oral and written, as among the Settling Parties, with respect to the subject matter hereof and thereof. The Centene Entities and the State Entities each represent and acknowledge that (i) in entering into this Agreement they are not relying on any promises or representations other than those expressly set forth in this Agreement, and (ii) that this Agreement constitutes entire agreement between the State Entities and Centene Entities and supersedes all prior agreements and understandings, both oral and written, with respect to the subject matter hereof.

***[SIGNATURE PAGE(S) TO FOLLOW]***



IN WITNESS WHEREOF, the State Entities have executed this Settlement Agreement  
and Release as of the date indicated below.

STATE OF WASHINGTON

By:



LARISSA PAYNE, DIRECTOR  
MEDICAID FRAUD CONTROL DIVISION  
OFFICE OF THE WASHINGTON STATE ATTORNEY GENERAL

Dated:

8/17/22

By:



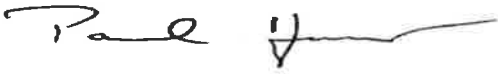
SUSAN E. BIRCH, DIRECTOR  
WASHINGTON STATE HEALTH CARE AUTHORITY

Dated:

8/17/22

IN WITNESS WHEREOF, the Relator has executed this Settlement Agreement and Release as of the date indicated below.


**RELATOR**

By:   
\_\_\_\_\_  
PAUL HURST

Date: August 17, 2022

with a copy to:

COHEN MILSTEIN SELLERS & TOLL PLLC

  
\_\_\_\_\_  
CHRISTINA D. SALER  
Three Logan Square  
1717 Arch Street, Suite 3610  
Philadelphia, PA 19103  
Telephone: (267) 479-5707  
[csaler@cohenmilstein.com](mailto:csaler@cohenmilstein.com)

Date: August 17, 2022

*Attorneys for Relator*

IN WITNESS WHEREOF, the Centene Entities have executed this Settlement Agreement and Release as of the date indicated below.

**CENTENE CORPORATION, on behalf of itself and each of its subsidiaries, including, but not limited to, Coordinated Care of Washington, Inc., Coordinated Care Corporation, Health Net Life Insurance Company, Centene Management Company LLC, and Envolve Pharmacy Solutions, Inc.:**

By: Chris Koster

Date: 8/17/22

Printed Name: Chris Koster

Title: GENERAL COUNSEL

Christopher A. Koster  
Executive Vice President, Secretary and General Counsel  
Centene Corporation  
7700 Forsyth  
St. Louis, Missouri 63105  
T: (314) 320-2661  
[Christopher.A.Koster@centene.com](mailto:Christopher.A.Koster@centene.com)

with a copy to:

Andrea Kerstein  
Locke Lord LLP  
111 South Wacker Drive  
Chicago, Illinois 60606  
T: (312) 443-0406  
[Andrea.VerneyKerstein@lockelord.com](mailto:Andrea.VerneyKerstein@lockelord.com)