**Exhibit 7-C: Quarterly Report on Form 10-Q of Elevance Health for the period ended March 31, 2023, filed with the Securities and Exchange Commission**

# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D.C. 20549**
# FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the Quarterly Period Ended March 31, 2023**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from to**

**Commission file number: 001-16751**


**ELEVANCE HEALTH, INC.**
**(Exact name of registrant as specified in its charter)**

| **Indiana** | **35-2145715** |
|---|---|
| **(State or other jurisdiction of incorporation or organization)** | **(I.R.S. Employer Identification Number)** |

**220 Virginia Avenue**
**Indianapolis, Indiana 46204**
(Address of principal executive offices) (Zip Code)

**Registrant's telephone number, including area code: (833) 401-1577**

**Not Applicable**
**(Former name, former address and former fiscal year, if changed since last report)**

**Securities registered pursuant to Section 12(b) of the Act:**

| Title of each class | Trading symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Common Stock, $0.01 par value | ELV | New York Stock Exchange |

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act:

| | | | |
|---|---|---|---|
| Large accelerated filer | ☒ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Smaller reporting company | ☐ |
| Emerging growth company | ☐ | | |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of April 12, 2023, 237,055,805 shares of the Registrant's Common Stock were outstanding.

**Elevance Health, Inc.**

**Quarterly Report on Form 10-Q**
**For the Period Ended March 31, 2023**

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**PART I. FINANCIAL INFORMATION**
**ITEM 1. FINANCIAL STATEMENTS**

**Elevance Health, Inc.**
**Consolidated Balance Sheets**

| *(In millions, except share and per share data)* | March 31, 2023 (Unaudited) | December 31, 2022 (Restated) |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ 10,142 | $ 7,387 |
| Fixed maturity securities (amortized cost of $29,381 and $28,226; allowance for credit losses of $8 and $9) | 27,636 | 25,952 |
| Equity securities | 392 | 953 |
| Premium receivables | 8,246 | 7,083 |
| Self-funded receivables | 3,786 | 4,663 |
| Other receivables | 4,678 | 4,298 |
| Other current assets | 4,943 | 5,281 |
| Total current assets | 59,823 | 55,617 |
| Long-term investments: | | |
| Fixed maturity securities (amortized cost of $807 and $789; allowance for credit losses of $0 and $0) | 783 | 752 |
| Other invested assets | 5,971 | 5,685 |
| Property and equipment, net | 4,418 | 4,316 |
| Goodwill | 25,273 | 24,383 |
| Other intangible assets | 10,915 | 10,315 |
| Other noncurrent assets | 1,857 | 1,687 |
| **Total assets** | $ 109,040 | $ 102,755 |
| | | |
| **Liabilities and equity** | | |
| **Liabilities** | | |
| Current liabilities: | | |
| Medical claims payable | $ 15,728 | $ 15,596 |
| Other policyholder liabilities | 6,098 | 5,933 |
| Unearned income | 4,394 | 1,112 |
| Accounts payable and accrued expenses | 4,873 | 5,607 |
| Short-term borrowings | 265 | 265 |
| Current portion of long-term debt | — | 1,500 |
| Other current liabilities | 10,531 | 9,683 |
| Total current liabilities | 41,889 | 39,696 |
| Long-term debt, less current portion | 25,201 | 22,349 |
| Reserves for future policy benefits | 811 | 803 |
| Deferred tax liabilities, net | 2,029 | 2,015 |
| Other noncurrent liabilities | 1,650 | 1,562 |
| **Total liabilities** | 71,580 | 66,425 |
| Commitments and contingencies – Note 10 | | |
| **Shareholders' equity** | | |
| Preferred stock, without par value, shares authorized – 100,000,000; shares issued and outstanding – none | — | — |
| Common stock, par value $0.01, shares authorized – 900,000,000; shares issued and outstanding – 237,114,190 and 237,958,067 | 2 | 2 |
| Additional paid-in capital | 8,697 | 9,084 |
| Retained earnings | 30,707 | 29,647 |
| Accumulated other comprehensive loss | (2,050) | (2,490) |
| **Total shareholders' equity** | 37,356 | 36,243 |
| **Noncontrolling interests** | 104 | 87 |
| **Total equity** | 37,460 | 36,330 |
| **Total liabilities and equity** | $ 109,040 | $ 102,755 |

*See accompanying notes.*

**Elevance Health, Inc.**
**Consolidated Statements of Income**
(Unaudited)

| | Three Months Ended March 31 | |
|---|---|---|
| | **2023** | **2022** |
| *(In millions, except per share data)* | | (Restated) |
| **Revenues** | | |
| Premiums | $ 35,868 | $ 32,785 |
| Product revenue | 4,022 | 3,301 |
| Service fees | 2,008 | 1,800 |
| **Total operating revenue** | 41,898 | 37,886 |
| Net investment income | 387 | 360 |
| Net losses on financial instruments | (113) | (151) |
| **Total revenues** | 42,172 | 38,095 |
| **Expenses** | | |
| Benefit expense | 30,786 | 28,231 |
| Cost of products sold | 3,481 | 2,883 |
| Operating expense | 4,800 | 4,345 |
| Interest expense | 251 | 201 |
| Amortization of other intangible assets | 235 | 129 |
| Total expenses | 39,553 | 35,789 |
| **Income before income tax expense** | 2,619 | 2,306 |
| Income tax expense | 615 | 527 |
| **Net income** | 2,004 | 1,779 |
| **Net (income) loss attributable to noncontrolling interests** | (15) | 10 |
| **Shareholders' net income** | $ 1,989 | $ 1,789 |
| **Shareholders' net income per share** | | |
| Basic | $ 8.37 | $ 7.41 |
| Diluted | $ 8.30 | $ 7.32 |
| **Dividends per share** | $ 1.48 | $ 1.28 |

*See accompanying notes.*

**Elevance Health, Inc.**
**Consolidated Statements of Comprehensive Income**
(Unaudited)

| *(In millions)* | Three Months Ended March 31 | |
|---|---|---|
| | **2023** | **2022** |
| | | (Restated) |
| **Net income** | $ 2,004 | $ 1,779 |
| **Other comprehensive (loss) income, net of tax:** | | |
| Change in net unrealized losses/gains on investments | 427 | (1,069) |
| Change in non-credit component of impairment losses on investments | (2) | (1) |
| Change in net unrealized gains/losses on cash flow hedges | 11 | 3 |
| Change in net periodic pension and postretirement costs | 2 | 7 |
| Change in future policy benefits | 2 | 9 |
| Foreign currency translation adjustments | 2 | (3) |
| **Other comprehensive income (loss)** | 442 | (1,054) |
| **Net (income) loss attributable to noncontrolling interests** | (15) | 10 |
| **Other comprehensive (income) loss attributable to noncontrolling interests** | (2) | 5 |
| **Total shareholders' comprehensive income** | $ 2,429 | $ 740 |

*See accompanying notes.*

**Elevance Health, Inc.**
**Consolidated Statements of Cash Flows**
(Unaudited)

| | Three Months Ended March 31 | |
|---|---|---|
| | **2023** | **2022** |
| *(In millions)* | | (Restated) |
| **Operating activities** | | |
| Net income | $ 2,004 | $ 1,779 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Net losses on financial instruments | 113 | 151 |
| Equity in net earnings of other invested assets | 30 | (153) |
| Depreciation and amortization | 462 | 358 |
| Deferred income taxes | (255) | (96) |
| Share-based compensation | 61 | 50 |
| Changes in operating assets and liabilities: | | |
| Receivables, net | (29) | (1,348) |
| Other invested assets | (15) | 7 |
| Other assets | (348) | (350) |
| Policy liabilities | 306 | 1,092 |
| Unearned income | 3,282 | 57 |
| Accounts payable and other liabilities | 18 | 428 |
| Income taxes | 839 | 568 |
| Other, net | 1 | (2) |
| **Net cash provided by operating activities** | 6,469 | 2,541 |
| **Investing activities** | | |
| Purchases of investments | (7,443) | (5,050) |
| Proceeds from sale of investments | 2,489 | 3,047 |
| Maturities, calls and redemptions from investments | 3,533 | 1,209 |
| Changes in securities lending collateral | 204 | (441) |
| Purchases of subsidiaries, net of cash acquired | (1,638) | (61) |
| Purchases of property and equipment | (301) | (254) |
| Other, net | (28) | (28) |
| **Net cash used in investing activities** | (3,184) | (1,578) |
| **Financing activities** | | |
| Net proceeds from commercial paper borrowings | 325 | 225 |
| Proceeds from long-term borrowings | 2,574 | — |
| Repayments of long-term borrowings | (1,908) | (14) |
| Changes in securities lending payable | (205) | 441 |
| Changes in bank overdrafts | (291) | 529 |
| Repurchase and retirement of common stock | (622) | (545) |
| Cash dividends | (351) | (309) |
| Proceeds from issuance of common stock under employee stock plans | 43 | 76 |
| Taxes paid through withholding of common stock under employee stock plans | (98) | (86) |
| Other, net | 2 | 5 |
| **Net cash (used in) provided by financing activities** | (531) | 322 |
| **Effect of foreign exchange rates on cash and cash equivalents** | 1 | (4) |
| Change in cash and cash equivalents | 2,755 | 1,281 |
| Cash and cash equivalents at beginning of period | 7,387 | 4,880 |
| **Cash and cash equivalents at end of period** | $ 10,142 | $ 6,161 |

*See accompanying notes.*

**Elevance Health, Inc.**
**Consolidated Statements of Changes in Equity**
(Unaudited)

| *(In millions)* | Total Shareholders' Equity | | | | | Noncontrolling Interests | Total Equity |
|---|---|---|---|---|---|---|---|
| | Common Stock | | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Loss | | |
| | Number of Shares | Par Value | | | | | |
| **December 31, 2022 (restated)** | 238.0 | $ 2 | $ 9,084 | $ 29,647 | $ (2,490) | $ 87 | $ 36,330 |
| Net income | — | — | — | 1,989 | — | 15 | 2,004 |
| Other comprehensive income | — | — | — | — | 440 | 2 | 442 |
| Repurchase and retirement of common stock, including excise tax | (1.3) | — | (51) | (575) | — | — | (626) |
| Dividends and dividend equivalents | — | — | — | (354) | — | — | (354) |
| Issuance of common stock under employee stock plans, net of related tax benefits | 0.4 | — | 6 | — | — | — | 6 |
| Convertible debenture repurchases, conversions and tax adjustments | — | — | (342) | — | — | — | (342) |
| **March 31, 2023** | 237.1 | $ 2 | $ 8,697 | $ 30,707 | $ (2,050) | $ 104 | $ 37,460 |
| | | | | | | | |
| **December 31, 2021 (restated)** | 241.8 | $ 2 | $ 9,148 | $ 27,142 | $ (197) | $ 68 | $ 36,163 |
| Adoption of Accounting Standards Update 2020-06 | — | — | — | (23) | — | — | (23) |
| **January 1, 2022** | 241.8 | 2 | 9,148 | 27,119 | (197) | 68 | 36,140 |
| Net income (loss) (restated) | — | — | — | 1,789 | — | (10) | 1,779 |
| Other comprehensive loss (restated) | — | — | — | — | (1,049) | (5) | (1,054) |
| Noncontrolling interests adjustment | — | — | — | — | — | 3 | 3 |
| Repurchase and retirement of common stock | (1.2) | — | (45) | (500) | — | — | (545) |
| Dividends and dividend equivalents | — | — | — | (312) | — | — | (312) |
| Issuance of common stock under employee stock plans, net of related tax benefits | 0.5 | — | 39 | — | — | — | 39 |
| Convertible debenture repurchases and conversions | — | — | 9 | — | — | — | 9 |
| **March 31, 2022 (restated)** | 241.1 | $ 2 | $ 9,151 | $ 28,096 | $ (1,246) | $ 56 | $ 36,059 |

*See accompanying notes.*

**Elevance Health, Inc.**
**Notes to Consolidated Financial Statements**
**(Unaudited)**
**March 31, 2023**

*(In Millions, Except Per Share Data or As Otherwise Stated Herein)*

## 1. Organization

References to the terms "we," "our," "us" or "Elevance Health" used throughout these Notes to Consolidated Financial Statements refer to Elevance Health, Inc., an Indiana corporation, and unless the context otherwise requires, its direct and indirect subsidiaries. References to the "states" include the District of Columbia and Puerto Rico unless the context otherwise requires.

Elevance Health is a health company with the purpose of improving the health of humanity. We are one of the largest health insurers in the United States in terms of medical membership, serving greater than 48 million medical members through our affiliated health plans as of March 31, 2023. We offer a broad spectrum of network-based managed care risk-based plans to Individual, Employer Group, Medicaid and Medicare markets. In addition, we provide a broad array of managed care services to fee-based customers, including claims processing, stop loss insurance, provider network access, medical management, care management, wellness programs, actuarial services and other administrative services. We provide services to the federal government in connection with our Federal Health Products & Services business, which administers the Federal Employees Health Benefits ("FEHB") Program. We provide an array of specialty services both to customers of our subsidiary health plans and also unaffiliated health plans, including pharmacy services and dental, vision, life, disability and supplemental health insurance benefits, as well as integrated health services.

We are an independent licensee of the Blue Cross and Blue Shield Association ("BCBSA"), an association of independent health benefit plans. We serve our members as the Blue Cross licensee for California and as the Blue Cross and Blue Shield ("BCBS") licensee for Colorado, Connecticut, Georgia, Indiana, Kentucky, Maine, Missouri (with the exception of 30 counties in the Kansas City area), Nevada, New Hampshire, New York (in the New York City metropolitan area and upstate New York), Ohio, Virginia (excluding the Northern Virginia suburbs of Washington, D.C.) and Wisconsin. In a majority of these service areas, we do business as Anthem Blue Cross, Anthem Blue Cross and Blue Shield, and Empire Blue Cross Blue Shield or Empire Blue Cross. We also serve members in numerous states as Amerigroup, Freedom Health, HealthLink, HealthSun, MMM, Optimum HealthCare, Simply Healthcare, UniCare and/or Wellpoint. We also conduct business through arrangements with other BCBS licensees as well as other strategic partners. We are licensed to conduct insurance operations in all 50 states, the District of Columbia and Puerto Rico through our subsidiaries. Through various subsidiaries, we also offer pharmacy services as CarelonRx and other healthcare-related services as Carelon Services, Aspire Health, Carelon Behavioral Health and CareMore.

As we announced in 2022, over the next several years we are organizing our brand portfolio into the following core go-to-market brands:

- Anthem Blue Cross/Anthem Blue Cross and Blue Shield — represents our existing Anthem-branded and affiliated Blue Cross and/or Blue Shield licensed plans; and
- Wellpoint — we intend to unite select non-BCBSA licensed Medicare, Medicaid and commercial plans under the Wellpoint name; and
- Carelon — this brand brings together our healthcare-related brands and capabilities, including our CarelonRx and Carelon Services businesses, under a single brand name.

Our branding strategy reflects the evolution of our business from a traditional health insurance company to a lifetime, trusted health partner. Given this evolution, we reviewed and modified how we manage our business, monitor our performance and allocate our resources, and made changes to our reportable segments beginning in the first quarter of 2023. The results of our operations are now reported in the following four reportable segments: Health Benefits (aggregates our previously reported Commercial & Specialty Business and Government Business segments), CarelonRx, Carelon Services (previously included in our Other segment) and Corporate & Other (our businesses that do not individually meet the quantitative thresholds for an operating segment, as well as corporate expenses not allocated to our other reportable

segments). In 2022, we managed and presented our operations through the following four reportable segments: Commercial & Specialty Business, Government Business, CarelonRx and Other. Previously reported information in this Form 10-Q has been reclassified to conform to the new presentation. For additional discussion regarding our segments, including the changes made, see Note 14 “Segment Information.”

## 2. Basis of Presentation and Significant Accounting Policies

***Basis of Presentation:*** The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) for interim financial reporting. Accordingly, they do not include all of the information and footnotes required by GAAP for annual financial statements. We have omitted certain footnote disclosures that would substantially duplicate the disclosures in our 2022 Annual Report on Form 10-K, unless the information contained in those disclosures materially changed or is required by GAAP. In the opinion of management, all adjustments, including normal recurring adjustments, necessary for a fair statement of the consolidated financial statements as of and for the three months ended March 31, 2023 and 2022 have been recorded. The results of operations for the three months ended March 31, 2023 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2023, or any other period. The seasonal nature of portions of our health care and related benefits business, as well as competitive and other market conditions, may cause full-year results to differ from estimates based upon our interim results of operations. These unaudited consolidated financial statements should be read in conjunction with our audited consolidated financial statements as of and for the year ended December 31, 2022 included in our 2022 Annual Report on Form 10-K.

Certain of our subsidiaries operate outside of the United States and have functional currencies other than the U.S. dollar (“USD”). We translate the assets and liabilities of those subsidiaries to USD using the exchange rate in effect at the end of the period. We translate the revenues and expenses of those subsidiaries to USD using the average exchange rates in effect during the period. The net effect of these translation adjustments is included in “Foreign currency translation adjustments” in our consolidated statements of comprehensive income.

***Cash and Cash Equivalents:*** We control a number of bank accounts that are used exclusively to hold customer funds for the administration of customer benefits, and we have cash and cash equivalents on deposit to meet certain regulatory requirements. These amounts totaled $520 and $258 at March 31, 2023 and December 31, 2022, respectively, and are included in the cash and cash equivalents line on our consolidated balance sheets.

***Investments:*** We classify fixed maturity securities in our investment portfolio as “available-for-sale” and report those securities at fair value. Certain fixed maturity securities are available to support current operations and, accordingly, we classify such investments as current assets without regard to their contractual maturity. Investments used to satisfy contractual, regulatory or other requirements are classified as long-term, without regard to contractual maturity.

If a fixed maturity security is in an unrealized loss position and we have the intent to sell the fixed maturity security, or it is more likely than not that we will have to sell the fixed maturity security before recovery of its amortized cost basis, we write down the fixed maturity security’s cost basis to fair value and record an impairment loss in our consolidated statements of income. For impaired fixed maturity securities that we do not intend to sell or if it is more likely than not that we will not have to sell such securities, but we expect that we will not fully recover the amortized cost basis, we recognize the credit component of the impairment as an allowance for credit loss in our consolidated balance sheets and record an impairment loss in our consolidated statements of income. The non-credit component of the impairment is recognized in accumulated other comprehensive loss. Furthermore, unrealized losses entirely caused by non-credit-related factors related to fixed maturity securities for which we expect to fully recover the amortized cost basis continue to be recognized in accumulated other comprehensive loss.

The credit component of an impairment is determined primarily by comparing the net present value of projected future cash flows with the amortized cost basis of the fixed maturity security. The net present value is calculated by discounting our best estimate of projected future cash flows at the effective interest rate implicit in the fixed maturity security at the date of purchase. For mortgage-backed and asset-backed securities, cash flow estimates are based on assumptions regarding the underlying collateral, including prepayment speeds, vintage, type of underlying asset, geographic concentrations, default rates, recoveries and changes in value. For all other securities, cash flow estimates are driven by assumptions regarding

probability of default, including changes in credit ratings and estimates regarding timing and amount of recoveries associated with a default.

For asset-backed securities included in fixed maturity securities, we recognize income using an effective yield based on anticipated prepayments and the estimated economic life of the securities. When estimates of prepayments change, the effective yield is recalculated to reflect actual payments to date and anticipated future payments. The net investment in the securities is adjusted to the amount that would have existed had the new effective yield been applied since the purchase date of the securities. Such adjustments are reported within net investment income.

The changes in fair value of our marketable equity securities are recognized in our results of operations within net gains and losses on financial instruments. Certain marketable equity securities are held to satisfy contractual obligations and are reported under the caption “Other invested assets” in our consolidated balance sheets.

We have corporate-owned life insurance policies on certain participants in our deferred compensation plans and other members of management. The cash surrender value of the corporate-owned life insurance policies is reported under the caption “Other invested assets” in our consolidated balance sheets.

We use the equity method of accounting for investments in companies in which our ownership interest may enable us to influence the operating or financial decisions of the investee company. Our proportionate share of equity in net income of these unconsolidated affiliates is reported within net investment income. The equity method investments are reported under the caption “Other invested assets” in our consolidated balance sheets.

Investment income is recorded when earned. All securities sold resulting in investment gains and losses are recorded on the trade date. Realized gains and losses are determined on the basis of the cost or amortized cost of the specific securities sold.

We participate in securities lending programs whereby marketable securities in our investment portfolio are transferred to independent brokers or dealers in exchange for cash and securities collateral. We recognize the collateral as an asset, which is reported under the caption “Other current assets” on our consolidated balance sheets, and we record a corresponding liability for the obligation to return the collateral to the borrower, which is reported under the caption “Other current liabilities.” The securities on loan are reported in the applicable investment category on our consolidated balance sheets. Unrealized gains or losses on securities lending collateral are included in accumulated other comprehensive loss as a separate component of shareholders’ equity. The market value of loaned securities and that of the collateral pledged can fluctuate in non-synchronized fashions. To the extent the loaned securities’ value appreciates faster or depreciates slower than the value of the collateral pledged, we are exposed to the risk of the shortfall. As a primary mitigating mechanism, the loaned securities and collateral pledged are marked to market on a daily basis and the shortfall, if any, is collected accordingly. Secondarily, the collateral level is set at 102% of the value of the loaned securities, which provides a cushion before any shortfall arises. The investment of the cash collateral is subject to market risk, which is managed by limiting the investments to higher quality and shorter duration instruments.

***Receivables:*** Receivables are reported net of amounts for expected credit losses. The allowance for doubtful accounts is based on historical collection trends, future forecasts and our judgment regarding the ability to collect specific accounts.

Premium receivables include the uncollected amounts from employer risk-based groups, individuals and government programs for insurance services. Premium receivables are reported net of an allowance for doubtful accounts of $149 and $152 at March 31, 2023 and December 31, 2022, respectively.

Self-funded receivables include administrative fees, claims and other amounts due from fee-based customers for administrative services. Self-funded receivables are reported net of an allowance for doubtful accounts of $76 and $68 at March 31, 2023 and December 31, 2022, respectively.

Other receivables include pharmacy rebates, provider advances, claims recoveries, reinsurance receivables, proceeds due from brokers on investment trades, accrued investment income and other miscellaneous amounts due to us. These receivables are reported net of an allowance for doubtful accounts of $763 and $744 at March 31, 2023 and December 31, 2022, respectively.

***Revenue Recognition:*** For our non-risk-based contracts, we had no material contract assets, contract liabilities or deferred contract costs recorded on our consolidated balance sheet at March 31, 2023. For the three months ended March 31, 2023 and 2022, revenue recognized from performance obligations related to prior periods, such as changes in transaction price, were not material. For contracts that have an original, expected duration of greater than one year, revenue expected to be recognized in future periods related to unfulfilled contractual performance obligations and contracts with variable consideration related to undelivered performance obligations is not material.

***Recently Adopted Accounting Guidance:*** In November 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No.2020-11. *Financial Services—Insurance (Topic 944): Effective Date and Early Application* ("ASU 2020-11"). The amendments in ASU 2020-11 change the effective date and early application of Accounting Standards Update No. 2018-12, *Financial Services—Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts* ("ASU 2018-12"), which was issued in November 2018. The amendments in ASU 2020-11 extended the original effective date by one year, and now the amendments are required for our interim and annual reporting periods beginning after December 15, 2022. This standard requires us to review cash flow assumptions for our long-duration insurance contracts at least annually and recognize the effect of changes in future cash flow assumptions in net income. This standard also requires us to update discount rate assumptions quarterly and recognize the effect of changes in these assumptions in other comprehensive income. The rate used to discount our reserves for future policy benefits will be based on an estimate of the yield for an upper-medium grade fixed-income instrument with a duration profile matching that of our liabilities. In addition, this standard changes the amortization method for deferred acquisition costs. We adopted these amendments on January 1, 2023, using the modified retrospective transition method for changes to the liability for future policy benefits and deferred acquisition costs as of the transition date, January 1, 2021. While the adoption did not have an overall material impact, our prior period financial statements presented in this Form 10-Q have been restated to reflect the impacts of our adoption as required by the new standard.

There were no other new accounting pronouncements that were issued or became effective since the issuance of our 2022 Annual Report on Form 10-K that had, or are expected to have, a material impact on our consolidated financial position, results of operations or cash flows.

## 3. Business Acquisitions and Divestitures

### *Pending Divestiture*

On March 28, 2023, we announced our entrance into an agreement to sell our life and disability businesses to StanCorp Financial Group, Inc. ("The Standard"), a provider of financial protection products and services for employers and individuals. Upon closing, we and The Standard will enter into a product distribution partnership. The divestiture is expected to close by the end of the first quarter of 2024 and is subject to standard closing conditions and customary approvals. The related net assets held for sale and results of operations for the employee benefits businesses to be divested as of and for the period ending March 31, 2023 were not material.

### *Pending Acquisition*

On January 23, 2023, we announced our entrance into an agreement to acquire Louisiana Health Service & Indemnity Company, d/b/a Blue Cross and Blue Shield of Louisiana ("BCBSLA"), an independent licensee of the BCBSA that provides healthcare plans to the Individual, Employer Group, Medicaid and Medicare markets, primarily in the State of Louisiana. This acquisition aligns with our mission to become a lifetime, trusted health partner as we bring our innovative whole-health solutions to BCBSLA's members. The acquisition is expected to close by the end of the fourth quarter of 2023 and is subject to standard closing conditions and customary approvals.

### *Completed Acquisitions*

On February 15, 2023, we completed our acquisition of BioPlus Parent, LLC and subsidiaries ("BioPlus") from CarepathRx Aggregator, LLC. Prior to the acquisition, BioPlus was one of the largest independent specialty pharmacy organizations in the United States. BioPlus, which operates as part of CarelonRx, seeks to connect payors and providers of specialty pharmaceuticals to meet the medication therapy needs of patients with complex medical conditions. This acquisition aligns with our vision to be an innovative, valuable and inclusive healthcare partner by providing care management programs that improve the lives of the people we serve. As of March 31, 2023, the purchase price was allocated to the tangible and

intangible net assets acquired based on management's initial estimates of their fair values, of which $809 has been allocated to finite-lived intangible assets and $728 to goodwill. The majority of goodwill is not deductible for income tax purposes. As of March 31, 2023, the initial accounting for the acquisition had not been finalized. The proforma effects of this acquisition for prior periods were not material to our consolidated results of operations.

On May 5, 2022, we completed our acquisition of Integra Managed Care ("Integra"). Integra is a managed long-term care plan that serves New York state Medicaid members, enabling adults with long-term care needs and disabilities to live safely and independently in their own homes. The purchase price was allocated to tangible and intangible net assets acquired based on management's estimates of their fair values, of which $89 has been allocated to finite-lived intangible assets, $250 to indefinite-lived intangible assets, and $125 to goodwill. The majority of goodwill is deductible for income tax purposes. There were no measurement period adjustments during the quarter ended March 31, 2023, and as of March 31, 2023, the initial accounting for the acquisition had not been finalized. The proforma effects of this acquisition for prior periods were not material to our consolidated results of operations.

## 4. Investments

### *Fixed Maturity Securities*

We evaluate our available-for-sale fixed maturity securities for declines based on qualitative and quantitative factors. We have established an allowance for credit loss and recorded credit loss expense as a reflection of our expected impairment losses. We continue to review our investment portfolios under our impairment review policy. Given the inherent uncertainty of changes in market conditions and the significant judgments involved, there is a continuing risk that declines in fair value may occur and additional material impairment losses for credit losses on investments may be recorded in future periods.

A summary of current and long-term fixed maturity securities, available-for-sale, at March 31, 2023 and December 31, 2022 is as follows:

| | Cost or Amortized Cost | Gross Unrealized Gains | Gross Unrealized Losses | Allowance For Credit Losses | Estimated Fair Value |
|---|---|---|---|---|---|
| **March 31, 2023** | | | | | |
| Fixed maturity securities: | | | | | |
| United States Government securities | $ 2,053 | $ 8 | $ (66) | $ — | $ 1,995 |
| Government sponsored securities | 80 | 1 | (3) | — | 78 |
| Foreign government securities | 332 | 2 | (43) | (1) | 290 |
| States, municipalities and political subdivisions, tax-exempt | 4,339 | 38 | (192) | — | 4,185 |
| Corporate securities | 13,834 | 78 | (956) | (5) | 12,951 |
| Residential mortgage-backed securities | 3,165 | 15 | (281) | — | 2,899 |
| Commercial mortgage-backed securities | 2,243 | 2 | (173) | (2) | 2,070 |
| Other asset-backed securities | 4,142 | 17 | (208) | — | 3,951 |
| Total fixed maturity securities | $ 30,188 | $ 161 | $ (1,922) | $ (8) | $ 28,419 |
| **December 31, 2022** | | | | | |
| Fixed maturity securities: | | | | | |
| United States Government securities | $ 1,502 | $ 2 | $ (103) | $ — | $ 1,401 |
| Government sponsored securities | 82 | 1 | (5) | — | 78 |
| Foreign government securities | 321 | 1 | (46) | (2) | 274 |
| States, municipalities and political subdivisions, tax-exempt | 4,389 | 19 | (265) | — | 4,143 |
| Corporate securities | 13,721 | 31 | (1,218) | (5) | 12,529 |
| Residential mortgage-backed securities | 2,978 | 9 | (324) | — | 2,663 |
| Commercial mortgage-backed securities | 2,055 | 1 | (176) | (2) | 1,878 |
| Other asset-backed securities | 3,967 | 12 | (241) | — | 3,738 |
| Total fixed maturity securities | $ 29,015 | $ 76 | $ (2,378) | $ (9) | $ 26,704 |

Other asset-backed securities primarily consists of collateralized loan obligations and other debt securities.

For fixed maturity securities in an unrealized loss position at March 31, 2023 and December 31, 2022, the following table summarizes the aggregate fair values and gross unrealized losses by length of time those securities have continuously been in an unrealized loss position:

| | Less than 12 Months | | | 12 Months or Greater | | |
|---|---|---|---|---|---|---|
| *(Securities are whole amounts)* | Number of Securities | Estimated Fair Value | Gross Unrealized Loss | Number of Securities | Estimated Fair Value | Gross Unrealized Loss |
| **March 31, 2023** | | | | | | |
| Fixed maturity securities: | | | | | | |
| United States Government securities | 39 | $ 490 | $ (13) | 47 | $ 393 | $ (53) |
| Government sponsored securities | 15 | 38 | (1) | 30 | 19 | (2) |
| Foreign government securities | 80 | 40 | (3) | 231 | 186 | (40) |
| States, municipalities and political subdivisions, tax-exempt | 468 | 945 | (12) | 967 | 1,689 | (180) |
| Corporate securities | 1,878 | 3,636 | (114) | 3,207 | 6,687 | (842) |
| Residential mortgage-backed securities | 532 | 579 | (25) | 1,224 | 1,730 | (256) |
| Commercial mortgage-backed securities | 260 | 679 | (24) | 558 | 1,298 | (149) |
| Other asset-backed securities | 364 | 1,067 | (59) | 775 | 2,149 | (149) |
| Total fixed maturity securities | 3,636 | $ 7,474 | $ (251) | 7,039 | $ 14,151 | $ (1,671) |
| **December 31, 2022** | | | | | | |
| Fixed maturity securities: | | | | | | |
| United States Government securities | 61 | $ 701 | $ (40) | 38 | $ 442 | $ (63) |
| Government sponsored securities | 39 | 73 | (4) | 6 | 5 | (1) |
| Foreign government securities | 150 | 100 | (10) | 198 | 142 | (36) |
| States, municipalities and political subdivisions, tax-exempt | 1,398 | 2,615 | (147) | 396 | 652 | (118) |
| Corporate securities | 3,551 | 7,826 | (549) | 2,204 | 3,521 | (669) |
| Residential mortgage-backed securities | 1,341 | 1,435 | (121) | 496 | 982 | (203) |
| Commercial mortgage-backed securities | 457 | 1,082 | (76) | 324 | 719 | (100) |
| Other asset-backed securities | 784 | 2,203 | (124) | 398 | 1,074 | (117) |
| Total fixed maturity securities | 7,781 | $ 16,035 | $ (1,071) | 4,060 | $ 7,537 | $ (1,307) |

Unrealized losses on our securities shown in the table above have not been recognized into income because, as of March 31, 2023, we do not intend to sell these investments and it is likely that we will not be required to sell these investments prior to their maturity or anticipated recovery. The declines in fair values are largely due to increasing interest rates driven by the higher rate of inflation and other market conditions.

Allowances for credit losses have been recorded in the amounts of $8 and $9 at March 31, 2023 and December 31, 2022, respectively, for declines in fair value due to unfavorable changes in the credit quality characteristics that impact our assessment of collectability of principal and interest.

The amortized cost and fair value of fixed maturity securities at March 31, 2023, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because the issuers of the securities may have the right to prepay obligations.

| | Amortized Cost | Estimated Fair Value |
|---|---|---|
| Due in one year or less | $ 1,242 | $ 1,232 |
| Due after one year through five years | 7,892 | 7,557 |
| Due after five years through ten years | 9,334 | 8,806 |
| Due after ten years | 6,312 | 5,855 |
| Mortgage-backed securities | 5,408 | 4,969 |
| Total fixed maturity securities | $ 30,188 | $ 28,419 |

During the three months ended March 31, 2023 and 2022, we received total proceeds from sales, maturities, calls or redemptions of fixed maturity securities of $5,410 and $3,646, respectively.

In the ordinary course of business, we may sell securities at a loss for a number of reasons, including, but not limited to: (i) changes in the investment environment; (ii) expectation that the fair value could deteriorate further; (iii) desire to reduce exposure to an issuer or an industry; (iv) changes in credit quality; or (v) changes in expected cash flow.

All securities sold resulting in investment gains and losses are recorded on the trade date. Realized gains and losses are determined on the basis of the cost or amortized cost of the specific securities sold.

***Equity Securities***

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

| | March 31, 2023 | December 31, 2022 |
|---|---|---|
| Equity securities: | | |
| Exchange traded funds | $ 288 | $ 822 |
| Common equity securities | 26 | 43 |
| Private equity securities | 78 | 88 |
| Total | $ 392 | $ 953 |

***Other Invested Assets***

Other invested assets include primarily our investments in limited partnerships, joint ventures and other non-controlled corporations, mortgage loans and the cash surrender value of corporate-owned life insurance policies. Investments in limited partnerships, joint ventures and other non-controlled corporations are carried at our share in the entities' undistributed earnings, which approximates fair value. Financial information for certain of these investments is reported on a one or three month lag due to the timing of when we receive financial information from the companies.

***Investment Gains and Losses***

Net investment (losses) gains for the three months ended March 31, 2023 and 2022 are as follows:

| | Three Months Ended March 31 | |
|---|---|---|
| | 2023 | 2022 |
| Net (losses) gains: | | |
| Fixed maturity securities: | | |
| Gross realized gains from sales | $ 10 | $ 20 |
| Gross realized losses from sales | (115) | (78) |
| Impairment losses recognized in income | (7) | (20) |
| Net realized losses from sales of fixed maturity securities | (112) | (78) |
| Equity securities: | | |
| Unrealized losses recognized on equity securities still held at the end of the period | (1) | (71) |
| Net realized losses recognized on equity securities sold during the period | (1) | (14) |
| Net losses on equity securities | (2) | (85) |
| Other investments: | | |
| Gross gains | 27 | 23 |
| Gross losses | (1) | (30) |
| Impairment losses recognized in income | (3) | (4) |
| Net gains (losses) on other investments | 23 | (11) |
| Net losses on investments | $ (91) | $ (174) |

***Accrued Investment Income***

At March 31, 2023 and December 31, 2022, accrued investment income totaled $256 and $245, respectively. We recognize accrued investment income under the caption “Other receivables” on our consolidated balance sheets.

***Securities Lending Programs***

We participate in securities lending programs whereby marketable securities in our investment portfolio are transferred to independent brokers or dealers in exchange for cash and securities collateral. The fair value of the collateral received at the time of the transactions amounted to $2,252 and $2,457 at March 31, 2023 and December 31, 2022, respectively. The value of the collateral represented 102% of the market value of the securities on loan at each of March 31, 2023 and December 31, 2022. We recognize the collateral as an asset under the caption “Other current assets” in our consolidated balance sheets, and we recognize a corresponding liability for the obligation to return the collateral to the borrower under the caption “Other current liabilities.” The securities on loan are reported in the applicable investment category on our consolidated balance sheets.

At March 31, 2023 and December 31, 2022, the remaining contractual maturity of our securities lending agreements included overnight and continuous transactions of cash for $2,127 and $2,221, respectively, of United States Government securities for $104 and $224, respectively, and of Residential Mortgage-Backed securities for $21 and $12, respectively.

**5. Derivative Financial Instruments**

We primarily invest in the following types of derivative financial instruments: interest rate swaps, futures, forward contracts, put and call options, swaptions, embedded derivatives and warrants. We also enter into master netting agreements, which reduce credit risk by permitting net settlement of transactions.

We have entered into various interest rate swap contracts to convert a portion of our interest rate exposure on our long-term debt from fixed rates to floating rates. The floating rates payable on all of our fair value hedges are benchmarked to LIBOR or the Secured Overnight Financing Rate ("SOFR"). Any amounts recognized for changes in fair value of these derivatives are included in the captions "Other current assets," "Other noncurrent assets," "Other current liabilities" or "Other noncurrent liabilities" in our consolidated balance sheets.

The unrecognized loss for all expired and terminated cash flow hedges included in accumulated other comprehensive loss, net of tax, was $217 and $229 at March 31, 2023 and December 31, 2022, respectively.

During the three months ended March 31, 2023, we recognized net losses on non-hedging derivatives of $22. During the three months ended March 31, 2022, we recognized net gains on non-hedging derivatives of $23.

For additional information relating to the fair value of our derivative assets and liabilities, see Note 6, "Fair Value," of this Form 10-Q.

## 6. Fair Value

Assets and liabilities recorded at fair value in our consolidated balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs, as defined by FASB guidance for fair value measurements and disclosures, are as follows:

| Level Input | Input Definition |
|---|---|
| Level I | Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date. |
| Level II | Inputs other than quoted prices included in Level I that are observable for the asset or liability through corroboration with market data at the measurement date. |
| Level III | Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. |

The following methods, assumptions and inputs were used to determine the fair value of each class of the following assets and liabilities recorded at fair value in our consolidated balance sheets:

*Cash equivalents:* Cash equivalents primarily consist of highly rated money market funds with maturities of three months or less and are purchased daily at par value with specified yield rates. Due to the high ratings and short-term nature of the funds, we designate all cash equivalents as Level I.

*Fixed maturity securities, available-for-sale:* Fair values of available-for-sale fixed maturity securities are based on quoted market prices, where available. These fair values are obtained primarily from third-party pricing services, which generally use Level I or Level II inputs for the determination of fair value to facilitate fair value measurements and disclosures. Level II securities primarily include corporate securities, securities from states, municipalities and political subdivisions, mortgage-backed securities, United States government securities, foreign government securities, and certain other asset-backed securities. For securities not actively traded, the pricing services may use quoted market prices of comparable instruments or discounted cash flow analyses, incorporating inputs that are currently observable in the markets for similar securities. We have controls in place to review the pricing services' qualifications and procedures used to determine fair values. In addition, we periodically review the pricing services' pricing methodologies, data sources and pricing inputs to ensure the fair values obtained are reasonable. Inputs that are often used in the valuation methodologies include, but are not limited to, broker quotes, benchmark yields, credit spreads, default rates and prepayment speeds. We also have certain fixed maturity securities, primarily collateralized loan obligation securities and corporate debt securities, that are designated Level III securities. For these securities, the valuation methodologies may incorporate broker quotes or discounted cash flow analyses using assumptions for inputs such as expected cash flows, benchmark yields, credit spreads, default rates and prepayment speeds that are not observable in the markets.

*Equity securities:* Fair values of equity securities are generally designated as Level I and are based on quoted market prices. For certain equity securities, quoted market prices for the identical security are not always available, and the fair value is estimated by reference to similar securities for which quoted prices are available. These securities are designated Level II. We also have certain equity securities, including private equity securities, for which the fair value is estimated based on each security's current condition and future cash flow projections. Such securities are designated Level III. The fair values of these private equity securities are generally based on either broker quotes or discounted cash flow projections using assumptions for inputs such as the weighted-average cost of capital, long-term revenue growth rates and earnings before interest, taxes, depreciation and amortization, and/or revenue multiples that are not observable in the markets.

*Securities lending collateral:* Fair values of securities lending collateral are based on quoted market prices, where available. These fair values are obtained primarily from third-party pricing services, which generally use Level I or Level II inputs for the determination of fair value, to facilitate fair value measurements and disclosures.

*Derivatives:* Fair values are based on the quoted market prices by the financial institution that is the counterparty to the derivative transaction. We independently verify prices provided by the counterparties using valuation models that incorporate observable market inputs for similar derivative transactions. Derivatives are designated as Level II securities. Derivatives presented within the fair value hierarchy table below are presented on a gross basis and not on a master netting basis by counterparty.

A summary of fair value measurements by level for assets and liabilities measured at fair value on a recurring basis at March 31, 2023 and December 31, 2022 is as follows:

| | Level I | Level II | Level III | Total |
|---|---|---|---|---|
| **March 31, 2023** | | | | |
| **Assets:** | | | | |
| Cash equivalents | $ 6,277 | $ — | $ — | $ 6,277 |
| Fixed maturity securities, available-for-sale: | | | | |
| United States Government securities | — | 1,995 | — | 1,995 |
| Government sponsored securities | — | 78 | — | 78 |
| Foreign government securities | — | 290 | — | 290 |
| States, municipalities and political subdivisions, tax-exempt | — | 4,185 | — | 4,185 |
| Corporate securities | — | 12,809 | 142 | 12,951 |
| Residential mortgage-backed securities | — | 2,899 | — | 2,899 |
| Commercial mortgage-backed securities | — | 2,070 | — | 2,070 |
| Other asset-backed securities | — | 3,561 | 390 | 3,951 |
| Total fixed maturity securities, available-for-sale | — | 27,887 | 532 | 28,419 |
| Equity securities: | | | | |
| Exchange traded funds | 288 | — | — | 288 |
| Common equity securities | 13 | 13 | — | 26 |
| Private equity securities | — | — | 78 | 78 |
| Total equity securities | 301 | 13 | 78 | 392 |
| Other invested assets - common equity securities | 127 | — | — | 127 |
| Securities lending collateral | — | 2,252 | — | 2,252 |
| Derivatives - other assets | — | 9 | — | 9 |
| **Total assets** | $ 6,705 | $ 30,161 | $ 610 | $ 37,476 |
| **Liabilities:** | | | | |
| Derivatives - other liabilities | $ — | $ (50) | $ — | $ (50) |
| **Total liabilities** | $ — | $ (50) | $ — | $ (50) |
| | | | | |
| **December 31, 2022** | | | | |
| **Assets:** | | | | |
| Cash equivalents | $ 3,567 | $ — | $ — | $ 3,567 |
| Fixed maturity securities, available-for-sale: | | | | |
| United States Government securities | — | 1,401 | — | 1,401 |
| Government sponsored securities | — | 78 | — | 78 |
| Foreign government securities | — | 274 | — | 274 |
| States, municipalities and political subdivisions, tax-exempt | — | 4,143 | — | 4,143 |
| Corporate securities | — | 12,392 | 137 | 12,529 |
| Residential mortgage-backed securities | — | 2,663 | — | 2,663 |
| Commercial mortgage-backed securities | — | 1,878 | — | 1,878 |
| Other asset-backed securities | — | 3,382 | 356 | 3,738 |
| Total fixed maturity securities, available-for-sale | — | 26,211 | 493 | 26,704 |
| Equity securities: | | | | |
| Exchange traded funds | 822 | — | — | 822 |
| Common equity securities | 2 | 41 | — | 43 |
| Private equity securities | — | — | 88 | 88 |
| Total equity securities | 824 | 41 | 88 | 953 |
| Other invested assets - common equity securities | 103 | — | — | 103 |
| Securities lending collateral | — | 2,457 | — | 2,457 |
| Derivatives - other assets | — | 3 | — | 3 |
| **Total assets** | $ 4,494 | $ 28,712 | $ 581 | $ 33,787 |
| **Liabilities:** | | | | |
| Derivatives - other liabilities | $ — | $ (60) | $ — | $ (60) |
| **Total liabilities** | $ — | $ (60) | $ — | $ (60) |

A reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using Level III inputs for the three months ended March 31, 2023 and 2022 is as follows:

| | Corporate Securities | Residential Mortgage-backed Securities | Other Asset-backed Securities | Equity Securities | Total |
|---|---|---|---|---|---|
| **Three Months Ended March 31, 2023** | | | | | |
| Beginning balance at January 1, 2023 | $ 137 | $ — | $ 356 | $ 88 | $ 581 |
| Total losses: | | | | | |
| Recognized in net income | — | — | (1) | (6) | (7) |
| Purchases | 17 | — | 41 | — | 58 |
| Sales | (9) | — | (6) | (4) | (19) |
| Settlements | (2) | — | — | — | (2) |
| Transfers out of Level III | (1) | — | — | — | (1) |
| Ending balance at March 31, 2023 | $ 142 | $ — | $ 390 | $ 78 | $ 610 |
| Change in unrealized losses included in net income related to assets still held at March 31, 2023 | $ — | $ — | $ — | $ (7) | $ (7) |
| | | | | | |
| **Three Months Ended March 31, 2022** | | | | | |
| Beginning balance at January 1, 2022 | $ 336 | $ 5 | $ 19 | $ 89 | $ 449 |
| Total gains (losses): | | | | | |
| Recognized in net income | 1 | — | — | 3 | 4 |
| Recognized in accumulated other comprehensive loss | (2) | (1) | 1 | — | (2) |
| Purchases | 46 | — | 17 | 8 | 71 |
| Sales | (7) | — | — | (1) | (8) |
| Settlements | (33) | — | — | — | (33) |
| Ending balance at March 31, 2022 | $ 341 | $ 4 | $ 37 | $ 99 | $ 481 |
| Change in unrealized gains included in net income related to assets still held at March 31, 2022 | $ — | $ — | $ — | $ 3 | $ 3 |

There were no individually material transfers into or out of Level III during the three months ended March 31, 2023 or 2022.

Certain assets and liabilities are measured at fair value on a nonrecurring basis; that is, the instruments are not measured at fair value on an ongoing basis but are subject to fair value adjustments only in certain circumstances. As disclosed in Note 3, “Business Acquisitions and Divestitures,” we completed our acquisition of BioPlus in February 2023 and Integra in May 2022. The net assets acquired in our acquisitions of BioPlus and Integra and resulting goodwill and other intangible assets were recorded at fair value primarily using Level III inputs. The majority of tangible assets acquired and liabilities assumed were recorded at their carrying values as of the acquisition date, as their carrying values approximated their fair values due to their short-term nature. The fair values of goodwill and other intangible assets acquired in our acquisitions of BioPlus and Integra were internally estimated based on the income approach. The income approach estimates fair value based on the present value of the cash flows that the assets could be expected to generate in the future. We developed internal estimates for the expected cash flows and discount rate in the present value calculation. Other than the assets acquired and liabilities assumed in our acquisitions of BioPlus and Integra described above, there were no material assets or liabilities measured at fair value on a nonrecurring basis during the three months ended March 31, 2023 or 2022.

Our valuation policy is determined by members of our treasury and accounting departments. Whenever possible, our policy is to obtain quoted market prices in active markets to estimate fair values for recognition and disclosure purposes. Where quoted market prices in active markets are not available, fair values are estimated using discounted cash flow analyses, broker quotes, unobservable inputs or other valuation techniques. These techniques are significantly affected by our assumptions, including discount rates and estimates of future cash flows. The use of assumptions for unobservable inputs for the determination of fair value involves a level of judgment and uncertainty. Changes in assumptions that reasonably could have been different at the reporting date may result in a higher or lower determination of fair value. Changes in fair value measurements, if significant, may affect performance of cash flows.

Potential taxes and other transaction costs are not considered in estimating fair values. Our valuation policy is generally to obtain quoted prices for each security from third-party pricing services, which are derived through recently reported trades for identical or similar securities making adjustments through the reporting date based upon available market observable information. As we are responsible for the determination of fair value, we perform analysis on the prices received from the pricing services to determine whether the prices are reasonable estimates of fair value. This analysis is performed by our internal treasury personnel who are familiar with our investment portfolios, the pricing services engaged and the valuation techniques and inputs used. Our analysis includes procedures such as a review of month-to-month price fluctuations and price comparisons to secondary pricing services. There were no adjustments to quoted market prices obtained from the pricing services during the three months ended March 31, 2023 or 2022.

In addition to the preceding disclosures on assets recorded at fair value in the consolidated balance sheets, FASB guidance also requires the disclosure of fair values for certain other financial instruments for which it is practicable to estimate fair value, whether or not such values are recognized in our consolidated balance sheets.

Non-financial instruments such as real estate, property and equipment, other current assets, deferred income taxes, intangible assets and certain financial instruments, such as policy liabilities, are excluded from the fair value disclosures. Therefore, the fair value amounts cannot be aggregated to determine our underlying economic value.

The carrying amounts reported in the consolidated balance sheets for cash, premium receivables, self-funded receivables, other receivables, unearned income, accounts payable and accrued expenses, and certain other current liabilities approximate fair value because of the short-term nature of these items. These assets and liabilities are not listed in the table below.

The following methods and assumptions were used to estimate the fair value of each class of financial instrument that is recorded at its carrying value in our consolidated balance sheets:

*Other invested assets:* Other invested assets include primarily our investments in limited partnerships, joint ventures and other non-controlled corporations and mortgage loans, as well as the cash surrender value of corporate-owned life insurance policies. Investments in limited partnerships, joint ventures and other non-controlled corporations are carried at our share in the entities' undistributed earnings, which approximates fair value. Mortgage loans are carried at amortized cost, which approximates fair value. The carrying value of corporate-owned life insurance policies represents the cash surrender value as reported by the respective insurer, which approximates fair value.

*Short-term borrowings:* The fair value of our short-term borrowings is based on quoted market prices for the same or similar debt, or, if no quoted market prices were available, on the current market interest rates estimated to be available to us for debt of similar terms and remaining maturities.

*Long-term debt—commercial paper:* The carrying amount for commercial paper approximates fair value, as the underlying instruments have variable interest rates at market value.

*Long-term debt—senior unsecured notes and surplus notes:* The fair values of our notes are based on quoted market prices in active markets for the same or similar debt, or, if no quoted market prices are available, on the current market observable rates estimated to be available to us for debt of similar terms and remaining maturities.

*Long-term debt—convertible debentures:* The fair value of our convertible debentures is based on the quoted market price in the active private market in which the convertible debentures trade.

A summary of the estimated fair values by level of each class of financial instrument that is recorded at its carrying value on our consolidated balance sheets at March 31, 2023 and December 31, 2022 is as follows:

| | Carrying Value | Estimated Fair Value | | | |
|---|---|---|---|---|---|
| | | Level I | Level II | Level III | Total |
| **March 31, 2023** | | | | | |
| **Assets:** | | | | | |
| Other invested assets | $ 5,844 | $ — | $ — | $ 5,844 | $ 5,844 |
| **Liabilities:** | | | | | |
| Debt: | | | | | |
| Short-term borrowings | 265 | — | 265 | — | 265 |
| Commercial paper | 325 | — | 325 | — | 325 |
| Notes | 24,876 | — | 23,371 | — | 23,371 |
| | | | | | |
| **December 31, 2022** | | | | | |
| **Assets:** | | | | | |
| Other invested assets | $ 5,582 | $ — | $ — | $ 5,582 | $ 5,582 |
| **Liabilities:** | | | | | |
| Debt: | | | | | |
| Short-term borrowings | 265 | — | 265 | — | 265 |
| Notes | 23,786 | — | 21,861 | — | 21,861 |
| Convertible debentures | 63 | — | 463 | — | 463 |

## 7. Income Taxes

During the three months ended March 31, 2023 and 2022, we recognized income tax expense of $615 and $527 (restated), respectively, which represent effective income tax rates of 23.5% and 22.9% (restated), respectively. The increase in the income tax rate in 2023 primarily relates to the tax impact of expected geographic changes in our mix of 2023 earnings and reduced investment tax credits.

Income taxes payable totaled $399 at March 31, 2023 and income tax receivable was $440 at December 31, 2022. We recognize the income tax payable as a liability under the caption “Other current liabilities” and the income receivable as an asset under the caption “Other current assets” in our consolidated balance sheets.

**8. Medical Claims Payable**

A reconciliation of the beginning and ending balances for medical claims payable, for the three months ended March 31, 2023 and 2022 is as follows:

| | 2023 | 2022 |
|---|---|---|
| Gross medical claims payable, beginning of period | $ 15,348 | $ 13,282 |
| Ceded medical claims payable, beginning of period | (6) | (21) |
| Net medical claims payable, beginning of period | 15,342 | 13,261 |
| Business combinations and purchase adjustments | — | 3 |
| Net incurred medical claims: | | |
| Current period | 30,751 | 28,064 |
| Prior periods redundancies | (1,068) | (933) |
| Total net incurred medical claims | 29,683 | 27,131 |
| Net payments attributable to: | | |
| Current period medical claims | 19,948 | 17,116 |
| Prior periods medical claims | 9,593 | 8,826 |
| Total net payments | 29,541 | 25,942 |
| Net medical claims payable, end of period | 15,484 | 14,453 |
| Ceded medical claims payable, end of period | 7 | 17 |
| Gross medical claims payable, end of period | $ 15,491 | $ 14,470 |

At March 31, 2023, the total of net incurred but not reported liabilities plus expected development on reported claims was $644, $4,036 and $10,804 for the claim years 2021 and prior, 2022 and 2023, respectively.

The favorable development recognized in the three months ended March 31, 2023 and 2022 resulted primarily from trend factors in late 2022 and late 2021, respectively, developing more favorably than originally expected. Favorable development in the completion factors resulting from the latter parts of 2022 developing faster than expected also contributed to the favorable development in the three months ended March 31, 2023.

The reconciliation of net incurred medical claims to benefit expense included in our consolidated statements of income for the three months ended March 31, 2023 and 2022 is as follows:

| | 2023 | 2022 (Restated) |
|---|---|---|
| Total net incurred medical claims | $ 29,683 | $ 27,131 |
| Quality improvement and other claims expense | 1,103 | 1,100 |
| Benefit expense | $ 30,786 | $ 28,231 |

The reconciliation of the medical claims payable reflected in the tables above to the consolidated ending balance for medical claims payable included in the consolidated balance sheet, as of March 31, 2023, is as follows:

| | Total |
|---|---|
| Net medical claims payable, end of period | $ 15,484 |
| Ceded medical claims payable, end of period | 7 |
| Insurance lines other than short duration | 237 |
| Gross medical claims payable, end of period | $ 15,728 |

## 9. Debt

We generally issue senior unsecured notes for long-term borrowing purposes. At March 31, 2023 and December 31, 2022, we had $24,851 and $23,761, respectively, outstanding under these notes.

On February 8, 2023, we issued $500 aggregate principal amount of 4.900% Notes due 2026 (the "2026 Notes"), $1,000 aggregate principal amount of 4.750% Notes due 2033 (the "2033 Notes"), and $1,100 aggregate principal amount of 5.125% Notes due 2053 (the "2053 Notes") under our shelf registration statement. Interest on the 2026 Notes is payable semi-annually in arrears on February 8 and August 8 of each year, commencing August 8, 2023. Interest on the 2033 Notes and 2053 Notes is payable semi-annually in arrears on February 15 and August 15 of each year, commencing August 15, 2023. We intend to use the proceeds for working capital and general corporate purposes, including, but not limited to, the funding of acquisitions, repayment of short-term and long-term debt and the repurchase of our common stock pursuant to our share repurchase program.

On January 17, 2023, we repaid, at maturity, the $1,000 outstanding balance of our 3.300% senior unsecured notes. On March 15, 2023, we repaid, at maturity, the $500 outstanding balance of our 0.450% senior unsecured notes.

We have an unsecured surplus note with an outstanding principal balance of $25 at both March 31, 2023 and December 31, 2022.

We have a senior revolving credit facility (the "5-Year Facility") with a group of lenders for general corporate purposes. The 5-Year Facility provides credit of up to $4,000 and matures in April 2027. Our ability to borrow under the 5-Year Facility is subject to compliance with certain covenants, including covenants requiring us to maintain a defined debt-to-capital ratio of not more than 60%, subject to increase in certain circumstances set forth in the credit agreement for the 5-Year Facility. As of March 31, 2023, our debt-to-capital ratio, as defined and calculated under the 5-Year Facility, was 40.5%. We do not believe the restrictions contained in our 5-Year Facility covenants materially affect our financial or operating flexibility. As of March 31, 2023, we were in compliance with all of our debt covenants under the 5-Year Facility. There were no amounts outstanding under the 5-Year Facility at any time during the three months ended March 31, 2023 or the year ended December 31, 2022.

Through certain subsidiaries, we have entered into multiple 364-day lines of credit (the "Subsidiary Credit Facilities") with separate lenders for general corporate purposes. The Subsidiary Credit Facilities provide combined credit of up to $200. Our ability to borrow under the Subsidiary Credit Facilities is subject to compliance with certain covenants. At March 31, 2023 and December 31, 2022, we had no outstanding borrowings under the Subsidiary Credit Facilities.

We have an authorized commercial paper program of up to $4,000, the proceeds of which may be used for general corporate purposes. At March 31, 2023 and December 31, 2022, we had $325 and $0, respectively, outstanding under this program.

On March 15, 2023, we redeemed all of our outstanding senior unsecured convertible debentures due 2042 (the "Debentures"), pursuant to the indenture dated as of October 9, 2012 between us and The Bank of New York Mellon Trust Company, N.A., as trustee. The Debentures were redeemed at a redemption price equal to 100% of the principal amount of the Debentures plus accrued and unpaid interest to, but excluding, the date of redemption, for cash totaling $5. During the three months ended March 31, 2023, $59 aggregate principal amount of the Debentures was surrendered for conversion by certain holders in accordance with the terms and conditions of the indenture. We elected to settle the excess of the principal amount of the conversions with cash for total payments during the three months ended March 31, 2023 of $404.

We are a member, through certain subsidiaries, of the Federal Home Loan Bank of Indianapolis, the Federal Home Loan Bank of Cincinnati, the Federal Home Loan Bank of Atlanta and the Federal Home Loan Bank of New York (collectively, the "FHLBs"). As a member, we have the ability to obtain short-term cash advances, subject to certain minimum collateral requirements. We had $265 of outstanding short-term borrowings from the FHLBs at each of March 31, 2023 and December 31, 2022.

All debt is a direct obligation of Elevance Health, Inc., except for the surplus note, the FHLBs borrowings and the Subsidiary Credit Facilities.

## 10. Commitments and Contingencies

***Litigation and Regulatory Proceedings***

In the ordinary course of business, we are defendants in, or parties to, a number of pending or threatened legal actions or proceedings. To the extent a plaintiff or plaintiffs in the following cases have specified in their complaint or in other court filings, the amount of damages being sought, we have noted those alleged damages in the descriptions below. With respect to the cases described below, we contest liability and/or the amount of damages in each matter and believe we have meritorious defenses.

Where available information indicates that it is probable that a loss has been incurred as of the date of the consolidated financial statements and we can reasonably estimate the amount of that loss, we accrue the estimated loss by a charge to income. In many proceedings, however, it is difficult to determine whether any loss is probable or reasonably possible. In addition, even where loss is possible or an exposure to loss exists in excess of the liability already accrued with respect to a previously identified loss contingency, it is not always possible to reasonably estimate the amount of the possible loss or range of loss.

With respect to many of the proceedings to which we are a party, we cannot provide an estimate of the possible losses, or the range of possible losses in excess of the amount, if any, accrued, for various reasons, including but not limited to some or all of the following: (i) there are novel or unsettled legal issues presented, (ii) the proceedings are in early stages, (iii) there is uncertainty as to the likelihood of a class being certified or decertified or the ultimate size and scope of the class, (iv) there is uncertainty as to the outcome of pending appeals or motions, (v) there are significant factual issues to be resolved, and/or (vi) in many cases, the plaintiffs have not specified damages in their complaint or in court filings. For those legal proceedings where a loss is probable, or reasonably possible, and for which it is possible to reasonably estimate the amount of the possible loss or range of losses, we currently believe that the range of possible losses, in excess of established reserves is, in the aggregate, from $0 to approximately $250 at March 31, 2023. This estimated aggregate range of reasonably possible losses is based upon currently available information taking into account our best estimate of such losses for which such an estimate can be made.

Blue Cross Blue Shield Antitrust Litigation

We are a defendant in multiple lawsuits that were initially filed in 2012 against the BCBSA and Blue Cross and/or Blue Shield licensees (the "Blue plans") across the country. Cases filed in 28 states were consolidated into a single, multi-district proceeding captioned *In re Blue Cross Blue Shield Antitrust Litigation* that is pending in the U.S. District Court for the Northern District of Alabama (the "Court"). Generally, the suits allege that the BCBSA and the Blue plans have conspired to horizontally allocate geographic markets through license agreements, best efforts rules that limit the percentage of non-Blue revenue of each plan, restrictions on acquisitions, rules governing the BlueCard® and National Accounts programs and other arrangements in violation of the Sherman Antitrust Act ("Sherman Act") and related state laws. The cases were brought by two putative nationwide classes of plaintiffs, health plan subscribers and providers.

In April 2018, the Court issued an order on the parties' cross motions for partial summary judgment, determining that the defendants' aggregation of geographic market allocations and output restrictions are to be analyzed under a per se standard of review, and the BlueCard® program and other alleged Section 1 Sherman Act violations are to be analyzed under the rule of reason standard of review. With respect to whether the defendants operate as a single entity with regard to the enforcement of the Blue Cross Blue Shield trademarks, the Court found that summary judgment was not appropriate due to the existence of genuine issues of material fact. In April 2019, the plaintiffs filed motions for class certification, which defendants opposed.

The BCBSA and Blue plans approved a settlement agreement and release with the subscriber plaintiffs (the "Subscriber Settlement Agreement"), which agreement required the Court's approval to become effective. The Subscriber Settlement Agreement requires the defendants to make a monetary settlement payment and contains certain terms imposing non-monetary obligations including (i) eliminating the "national best efforts" rule in the BCBSA license agreements (which rule limits the percentage of non-Blue revenue permitted for each Blue plan) and (ii) allowing for some large national employers with self-funded benefit plans to request a bid for insurance coverage from a second Blue plan in addition to the local Blue plan.

In November 2020, the Court issued an order preliminarily approving the Subscriber Settlement Agreement, following which members of the subscriber class were provided notice of the Subscriber Settlement Agreement and an opportunity to opt out of the class. A small number of subscribers submitted valid opt-outs by the opt-out deadline.

In August 2022, the Court issued a final order approving the Subscriber Settlement Agreement (the "Final Approval Order"). The Court amended its Final Approval Order in September 2022, further clarifying the injunctive relief that may be available to subscribers who submitted valid opt-outs. In compliance with the Subscriber Settlement Agreement, the Company paid $506 into an escrow account in September 2022, for an aggregate and full settlement payment by the Company of $596, which amount was accrued in 2020.

Four notices of appeal of the Final Approval Order were filed prior to the September 2022 appeal deadline. Those appeals are proceeding in the United States Court of Appeals for the Eleventh Circuit. In the event that all appellate rights are exhausted in a manner that affirms the Court's Final Approval Order, the defendants' payment and non-monetary obligations under the Subscriber Settlement Agreement will become effective and the funds held in escrow will be distributed in accordance with the Subscriber Settlement Agreement.

In October 2020, after the Court lifted the stay as to the provider litigation, provider plaintiffs filed a renewed motion for class certification, which defendants opposed. In March 2021, the Court issued an order terminating the pending motion for class certification until the Court determined the standard of review applicable to the providers' claims. In response to that order, the parties filed renewed standard of review motions in May 2021. In June 2021, the parties filed summary judgment motions not critically dependent on class certification. In February 2022, the Court issued orders (i) granting certain defendants' motion for partial summary judgment against the provider plaintiffs who had previously released claims against such defendants, and (ii) granting the provider plaintiffs' motion for partial summary judgment, determining that *Ohio v. American Express Co*. does not affect the standard of review in this case. In August 2022, the Court issued orders (i) granting in part the defendants' motion regarding the antitrust standard of review, holding that for the period of time after the elimination of the "national best efforts" rule, the rule of reason applies to the provider plaintiffs' market allocation conspiracy claims, and (ii) denying the provider plaintiffs' motion for partial summary judgment on the standard of review, reaffirming its prior holding that the providers' group boycott claims are subject to the rule of reason. In November 2022, the Court issued an order requiring the parties to submit supplemental briefs on certain questions related to providers' renewed motion for class certification. We intend to continue to vigorously defend the provider litigation, which we believe is without merit; however, its ultimate outcome cannot be presently determined.

A number of follow-on cases involving entities that opted out of the Subscriber Settlement Agreement have been filed. Those actions are: *Alaska Air Group, Inc., et al. v. Anthem, Inc., et al.,* No. 2:21-cv-01209-AMM (N.D. Ala.) (*"Alaska Air"*); *JetBlue Airways Corp., et al. v. Anthem, Inc., et al.*, No. 2:22-cv-00558-GMB (N.D. Ala.) (*"Jet Blue"*); *Metropolitan Transportation Authority v. Blue Cross and Blue Shield of Alabama et al.*, No. 2:22-cv-00265-RDP (N.D. Ala.); *Bed Bath & Beyond Inc. v. Anthem, Inc.*, No. 2:22-cv-01256-SGC (N.D. Ala.) (*"Bed Bath & Beyond"*); *Hoover, et al. v. Blue Cross Blue Shield Association, et al.*, No. 2:22-cv-00261-RDP (N.D. Ala.); and *VHS Liquidating Trust v. Blue Cross of California, et al.*, No. RG21106600 (Cal. Super.). In February 2023, the Court denied the defendants' motion to dismiss on statute of limitations in *Alaska Air* and *Jet Blue*. In March 2023, pursuant to a stipulation by the parties, the Court denied the defendants' motion to dismiss on the statute of limitations in *Bed Bath & Beyond*. We intend to continue to vigorously defend these follow-on cases, which we believe are without merit; however, their ultimate outcome cannot be presently determined.

Blue Cross of California Taxation Litigation

In July 2013, our California affiliate Blue Cross of California (doing business as Anthem Blue Cross) ("BCC") was named as a defendant in a California taxpayer action filed in Los Angeles County Superior Court (the "Superior Court") captioned *Michael D. Myers v. State Board of Equalization, et al.* This action was brought under a California statute that permits an individual taxpayer to sue a governmental agency when the taxpayer believes the agency has failed to enforce governing law. Plaintiff contends that BCC, a licensed Health Care Service Plan, is an "insurer" for purposes of taxation despite acknowledging it is not an "insurer" under regulatory law. At the time, under California law, "insurers" were required to pay a gross premiums tax ("GPT") calculated as 2.35% on gross premiums. As a licensed Health Care Service Plan, BCC has paid the California Corporate Franchise Tax ("CFT"), the tax paid by California businesses generally. Plaintiff contends that BCC must pay the GPT rather than the CFT and seeks a writ of mandate directing the taxing agencies to collect the GPT

and an order requiring BCC to pay GPT back taxes, interest, and penalties for the eight-year period prior to the filing of the complaint.

Because the GPT is constitutionally imposed in lieu of certain other taxes, BCC has filed protective tax refund claims with the City of Los Angeles, the California Department of Health Care Services and the Franchise Tax Board to protect its rights to recover certain taxes previously paid should BCC eventually be determined to be subject to the GPT for the tax periods at issue in the litigation.

In March 2018, the Superior Court denied BCC's motion for judgment on the pleadings and similar motions brought by other entities. In December 2020, the Superior Court granted BCC's motion for summary judgment, dismissing the plaintiff's lawsuit. In November 2021, the plaintiff appealed the summary judgment order. BCC's responding brief was filed in March 2022 and Plaintiff's reply was filed in May 2022. In March 2023, the appeal was argued before the California Second District Court of Appeal. We expect a ruling in April 2023. We intend to continue to vigorously defend this suit, which we believe is without merit; however, the ultimate outcome cannot be presently determined.

Express Scripts, Inc. Pharmacy Benefit Management Litigation

In March 2016, we filed a lawsuit against Express Scripts, Inc. ("Express Scripts"), our vendor at the time for pharmacy benefit management services, captioned *Anthem, Inc. v. Express Scripts, Inc.*, in the U.S. District Court for the Southern District of New York (the "District Court"). The lawsuit seeks to recover over $14,800 in damages for pharmacy pricing that is higher than competitive benchmark pricing under the agreement between the parties (the "ESI Agreement"), over $158 in damages related to operational breaches, as well as various declarations under the ESI Agreement, including that Express Scripts: (i) breached its obligation to negotiate in good faith and to agree in writing to new pricing terms; (ii) was required to provide competitive benchmark pricing to us through the term of the ESI Agreement; (iii) has breached the ESI Agreement; and (iv) is required under the ESI Agreement to provide post-termination services, at competitive benchmark pricing, for one year following any termination.

Express Scripts has disputed our contractual claims and is seeking declaratory judgments: (i) regarding the timing of the periodic pricing review under the ESI Agreement, and (ii) that it has no obligation to ensure that we receive any specific level of pricing, that we have no contractual right to any change in pricing under the ESI Agreement and that its sole obligation is to negotiate proposed pricing terms in good faith. In the alternative, Express Scripts claims that we have been unjustly enriched by its payment of $4,675 at the time we entered into the ESI Agreement. In March 2017, the District Court granted our motion to dismiss Express Scripts' counterclaims for (i) breach of the implied covenant of good faith and fair dealing, and (ii) unjust enrichment with prejudice. After such ruling, Express Scripts' only remaining claims were for breach of contract and declaratory relief. In August 2021, Express Scripts filed a motion for summary judgment, which we opposed. In March 2022, the District Court granted in part and denied in part Express Scripts' motion for summary judgment. The District Court dismissed our declaratory judgment claim, our breach of contract claim for failure to prove damages and most of our operational breach claims. As a result of the summary judgment decision, the only remaining claims as of the filing of this Quarterly Report on Form 10-Q are (i) our operational breach claim based on Express Scripts' prior authorization processes and (ii) Express Scripts' counterclaim for breach of the market check provision of the ESI Agreement. Express Scripts filed a second motion for summary judgment in June 2022, challenging our remaining operational breach claims, which we opposed, and the District Court denied in March 2023, allowing our operational breach claim to proceed. A trial date has been set for December 2023. We intend to appeal the earlier summary judgment decision at the appropriate time, vigorously pursue our claims and defend against counterclaims, which we believe are without merit; however, the ultimate outcome of this litigation cannot be presently determined.

Medicare Risk Adjustment Litigation

In March 2020, the U.S. Department of Justice ("DOJ") filed a civil lawsuit against Elevance Health, Inc. in the U.S. District Court for the Southern District of New York (the "New York District Court") in a case captioned *United States v. Anthem, Inc*. The DOJ's suit alleges, among other things, that we falsely certified the accuracy of the diagnosis data we submitted to the Centers for Medicare and Medicaid Services ("CMS") for risk-adjustment purposes under Medicare Part C and knowingly failed to delete inaccurate diagnosis codes. The DOJ further alleges that, as a result of these purported acts, we caused CMS to calculate the risk-adjustment payments based on inaccurate diagnosis information, which enabled us to obtain unspecified amounts of payments in Medicare funds in violation of the False Claims Act. The DOJ filed an amended

complaint in July 2020, alleging the same causes of action but revising some of its factual allegations. In September 2020, we filed a motion to transfer the lawsuit to the Southern District of Ohio, a motion to dismiss part of the lawsuit, and a motion to strike certain allegations in the amended complaint, all of which the New York District Court denied in October 2022. In November 2022, we filed an answer. In March 2023, discovery commenced, and an initial case management conference was held in April 2023. The Court entered a scheduling order requiring fact discovery to be completed by June 2024 and expert discovery to be complete by February 2025. We intend to continue to vigorously defend this suit, which we believe is without merit; however, the ultimate outcome cannot be presently determined.

Investigations of CareMore and HealthSun

With the assistance of outside counsel, we are conducting investigations of risk-adjustment practices involving data submitted to CMS (unrelated to our retrospective chart review program) at CareMore Health Plans, Inc. ("CareMore"), one of our California subsidiaries, and HealthSun Health Plans, Inc. ("HealthSun"), one of our Florida subsidiaries. Our CareMore investigation has resulted in the termination of CareMore's relationship with one contracted provider in California. Our HealthSun investigation has focused on risk adjustment practices initiated prior to our acquisition of HealthSun in December 2017 that continued after the acquisition. We have voluntarily self-disclosed the existence of both of our investigations to CMS and the Criminal and Civil Divisions of the DOJ. We are cooperating with the ongoing investigations of the Criminal and Civil Divisions of the DOJ related to these risk adjustment practices, and have entered into a tolling agreement with the Civil Division of the DOJ related to its investigation. We have submitted corrected data to CMS related to these investigations. We have also asserted indemnity claims for escrowed funds under the HealthSun purchase agreement for, among other things, breach of healthcare and financial representation provisions, based on the conduct discovered during our investigation. While certain elements of the indemnity claims were resolved in the fourth quarters of 2021 and 2022, litigation in the Delaware Court of Chancery related to the remaining indemnity claims for escrowed funds remains ongoing.

***Other Contingencies***

From time to time, we and certain of our subsidiaries are parties to various legal proceedings, many of which involve claims for coverage encountered in the ordinary course of business. We, like Health Maintenance Organizations ("HMOs") and health insurers generally, exclude certain healthcare and other services from coverage under our HMO, Preferred Provider Organizations and other plans. We are, in the ordinary course of business, subject to the claims of our enrollees arising out of decisions to restrict or deny reimbursement for uncovered services. The loss of even one such claim, if it results in a significant punitive damage award, could have a material adverse effect on us. In addition, the risk of potential liability under punitive damage theories may increase significantly the difficulty of obtaining reasonable reimbursement of coverage claims.

In addition to the lawsuits described above, we are also involved in other pending and threatened litigation of the character incidental to our business and are from time to time involved as a party in various governmental investigations, audits, reviews and administrative proceedings. These investigations, audits, reviews and administrative proceedings include routine and special inquiries by state insurance departments, state attorneys general, the U.S. Attorney General and subcommittees of the U.S. Congress. Such investigations, audits, reviews and administrative proceedings could result in the imposition of civil or criminal fines, penalties, other sanctions and additional rules, regulations or other restrictions on our business operations. Any liability that may result from any one of these actions, or in the aggregate, could have a material adverse effect on our consolidated financial position or results of operations.

***Contractual Obligations and Commitments***

In March 2020, we entered into an agreement with a vendor for information technology infrastructure and related management and support services through June 2025. The agreement superseded certain prior agreements for such services and includes provisions for additional services not provided under those agreements. Our remaining commitment under this agreement at March 31, 2023 is approximately $697. We will have the ability to terminate the agreement upon the occurrence of certain events, subject to early termination fees.

We formed CarelonRx, formerly known as IngenioRx, to market and offer pharmacy services to our affiliated health plan customers, as well as to external customers outside of the health plans we own, starting in the second quarter of 2019. The comprehensive pharmacy services portfolio includes, but is not limited to, formulary management, pharmacy networks, specialty and home delivery pharmacy services and member services. CarelonRx delegates certain pharmacy services, such

as claims processing and prescription fulfillment, to CaremarkPCS Health, L.L.C., which is a subsidiary of CVS Health Corporation, pursuant to a five-year agreement, which is set to terminate on December 31, 2024. With CarelonRx, we retain the responsibilities for clinical and formulary strategy and development, member and employer experiences, operations, sales, marketing, account management and retail network strategy.

## 11. Capital Stock

***Use of Capital – Dividends and Stock Repurchase Program***

We regularly review the appropriate use of capital, including acquisitions, common stock and debt security repurchases and dividends to shareholders. The declaration and payment of any dividends or repurchases of our common stock or debt is at the discretion of our Board of Directors and depends upon our financial condition, results of operations, future liquidity needs, regulatory and capital requirements and other factors deemed relevant by our Board of Directors.

A summary of our cash dividend activity for the three months ended March 31, 2023 and 2022 is as follows:

| Declaration Date | Record Date | Payment Date | Cash Dividend per Share | | Total |
|---|---|---|---|---|---|
| **Three Months Ended March 31, 2023** | | | | | |
| January 24, 2023 | March 10, 2023 | March 24, 2023 | $1.48 | $ | 351 |
| | | | | | |
| **Three Months Ended March 31, 2022** | | | | | |
| January 25, 2022 | March 10, 2022 | March 25, 2022 | $1.28 | $ | 309 |

On April 18, 2023, our Audit Committee declared a second quarter 2023 dividend to shareholders of $1.48 per share, payable on June 23, 2023 to shareholders of record at the close of business on June 9, 2023.

Under our Board of Directors' authorization, we maintain a common stock repurchase program. On January 24, 2023, our Audit Committee, pursuant to authorization granted by the Board of Directors, authorized a $5,000 increase to the common stock repurchase program. No duration has been placed on the common stock repurchase program, and we reserve the right to discontinue the program at any time. Repurchases may be made from time to time at prevailing market prices, subject to certain restrictions on volume, pricing and timing. The repurchases are affected from time to time in the open market, through negotiated transactions, including accelerated share repurchase agreements, and through plans designed to comply with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. Our stock repurchase program is discretionary, as we are under no obligation to repurchase shares. We repurchase shares under the program when we believe it is a prudent use of capital. The excess cost of the repurchased shares over par value is charged on a pro rata basis to additional paid-in capital and retained earnings.

A summary of common stock repurchases for the three months ended March 31, 2023 and 2022 is as follows:

| | Three Months Ended March 31 | | | |
|---|---|---|---|---|
| | 2023 | | 2022 | |
| Shares repurchased | | 1.3 | | 1.2 |
| Average price per share | $ | 476.66 | $ | 453.32 |
| Aggregate cost | $ | 622 | $ | 545 |
| Authorization remaining at the end of the period | $ | 6,254 | $ | 3,647 |

For additional information regarding the use of capital for debt security repurchases, see Note 9, "Debt," included in this Form 10-Q and Note 13, "Debt," to our audited consolidated financial statements as of and for the year ended December 31, 2022 included in our 2022 Annual Report on Form 10-K.

***Stock Incentive Plans***

A summary of stock option activity for the three months ended March 31, 2023 is as follows:

| | Number of Shares | Weighted-Average Option Price per Share | Weighted-Average Remaining Contractual Life (Years) | Aggregate Intrinsic Value |
|---|---|---|---|---|
| Outstanding at January 1, 2023 | 2.8 | $ 293.28 | | |
| Granted | 0.6 | 469.03 | | |
| Exercised | (0.1) | 271.70 | | |
| Forfeited or expired | — | 366.61 | | |
| Outstanding at March 31, 2023 | 3.3 | 322.65 | 6.72 | $ 458 |
| Exercisable at March 31, 2023 | 2.2 | 265.17 | 5.52 | $ 424 |

A summary of the status of nonvested restricted stock activity, including restricted stock units and performance units, for the three months ended March 31, 2023 is as follows:

| | Restricted Stock Shares and Units | Weighted-Average Grant Date Fair Value per Share |
|---|---|---|
| Nonvested at January 1, 2023 | 1.2 | $ 357.21 |
| Granted | 0.6 | 469.31 |
| Vested | (0.6) | 300.41 |
| Forfeited | — | 387.32 |
| Nonvested at March 31, 2023 | 1.2 | 420.84 |

During the three months ended March 31, 2023, we granted approximately 0.2 restricted stock units that are contingent upon us achieving earnings targets over the three-year period from 2023 to 2025. These grants have been included in the activity shown above but will be subject to adjustment at the end of 2025 based on results in the three-year period.

***Fair Value***

We use a binomial lattice valuation model to estimate the fair value of all stock options granted. For a more detailed discussion of our stock incentive plan fair value methodology, see Note 15, “Capital Stock,” to our audited consolidated financial statements as of and for the year ended December 31, 2022 included in our 2022 Annual Report on Form 10-K.

The following weighted-average assumptions were used to estimate the fair values of options granted during the three months ended March 31, 2023 and 2022:

| | Three Months Ended March 31 | |
|---|---|---|
| | 2023 | 2022 |
| Risk-free interest rate | 3.95 % | 1.97 % |
| Volatility factor | 29.00 % | 29.00 % |
| Quarterly dividend yield | 0.316 % | 0.282 % |
| Weighted-average expected life (years) | 4.40 | 5.10 |

The following weighted-average fair values per option or share were determined for the three months ended March 31, 2023 and 2022:

| | Three Months Ended March 31 | |
|---|---|---|
| | 2023 | 2022 |
| Options granted during the period | $ 127.14 | $ 116.64 |
| Restricted stock awards granted during the period | 469.31 | 451.42 |

## 12. Accumulated Other Comprehensive Loss

A reconciliation of the components of accumulated other comprehensive loss at March 31, 2023 and 2022 is as follows:

| | March 31 | |
|---|---|---|
| | 2023 | 2022 |
| | | (Restated) |
| **Net unrealized investment (losses) gains:** | | |
| Beginning of period balance | $ (1,755) | $ 494 |
| Other comprehensive gain (loss) before reclassifications, net of tax (expense) benefit of $(85) and $355, respectively | 337 | (1,146) |
| Amounts reclassified from accumulated other comprehensive loss, net of tax benefit (expense) of $(29) and $(21), respectively | 90 | 77 |
| Other comprehensive income (loss) | 427 | (1,069) |
| Other comprehensive (income) loss attributable to noncontrolling interests, net of tax benefit of $0 and $(2), respectively | (2) | 5 |
| End of period balance | (1,330) | (570) |
| **Non-credit components of impairments on investments:** | | |
| Beginning of period balance | (3) | — |
| Other comprehensive loss, net of tax benefit of $1 and $1, respectively | (2) | (1) |
| End of period balance | (5) | (1) |
| **Net cash flow hedges:** | | |
| Beginning of period balance | (229) | (239) |
| Other comprehensive income, net of tax benefit (expense) of $8 and $(1), respectively | 11 | 3 |
| End of period balance | (218) | (236) |
| **Pension and other postretirement benefits:** | | |
| Beginning of period balance | (499) | (429) |
| Other comprehensive income, net of tax expense of $(1) and $(2), respectively | 2 | 7 |
| End of period balance | (497) | (422) |
| **Future policy benefits:** | | |
| Beginning of period balance | 13 | (19) |
| Other comprehensive income, net of tax expense of $0 and $3, respectively | 2 | 9 |
| End of period balance | 15 | (10) |
| **Foreign currency translation adjustments:** | | |
| Beginning of period balance | (17) | (4) |
| Other comprehensive income (loss), net of tax benefit of $0 and $1, respectively | 2 | (3) |
| End of period balance | (15) | (7) |
| **Total:** | | |
| Total beginning of period accumulated other comprehensive loss | (2,490) | (197) |
| Total other comprehensive income (loss), net of tax (expense) benefit of $(106) and $336, respectively | 442 | (1,054) |
| Total other comprehensive (income) loss attributable to noncontrolling interests, net of tax benefit of $0 and $(2), respectively | (2) | 5 |
| Total end of period accumulated other comprehensive loss | $ (2,050) | $ (1,246) |

## 13. Earnings per Share

The denominator for basic and diluted earnings per share for the three months ended March 31, 2023 and 2022 is as follows:

| | Three Months Ended March 31 | |
|---|---|---|
| | 2023 | 2022 |
| Denominator for basic earnings per share – weighted-average shares | 237.5 | 241.4 |
| Effect of dilutive securities – employee stock options, nonvested restricted stock awards and convertible debentures | 2.2 | 3.0 |
| Denominator for diluted earnings per share | 239.7 | 244.4 |

During the three months ended March 31, 2023 and 2022, weighted-average shares related to certain stock options of 0.4 and 0.2, respectively, were excluded from each of the denominators for diluted earnings per share because the stock options were anti-dilutive.

During the three months ended March 31, 2023, we issued approximately 0.6 restricted stock units under our stock incentive plans, 0.2 of which vesting is contingent upon us meeting specified annual earnings targets for the three-year period of 2023 through 2025. During the three months ended March 31, 2022, we issued approximately 0.5 restricted stock units under our stock incentive plans, 0.2 of which vesting is contingent upon us meeting specified annual earnings targets for the three-year period of 2022 through 2024. The contingent restricted stock units have been excluded from the denominators for diluted earnings per share and will be included only if and when the contingency is met.

## 14. Segment Information

As discussed in Note 1 “Organization”, we are reorganizing our brand portfolio into three core go-to-market brands over the next several years. Our branding strategy reflects the evolution of our business from a traditional health insurance company to a lifetime, trusted health partner. Given this evolution, we reviewed and modified how we manage our business and the products in each of our operating segments, which has resulted in restructurings between some of our operating segments. As a result of these changes, we have changed our reportable segment presentation and its composition to reflect how we began managing our operations and monitoring performance, aligning strategies and allocating resources beginning on January 1, 2023. The results of our operations are now reported in the following four reportable segments: Health Benefits (aggregates our previously reported Commercial & Specialty Business and Government Business segments), CarelonRx, Carelon Services (previously included in our Other segment) and Corporate & Other. In 2022, we managed and presented our operations through the following four reportable segments: Commercial & Specialty Business, Government Business, CarelonRx and Other. Previously reported information throughout this Form 10-Q has been reclassified to conform to the new presentation.

Our Health Benefits segment offers a comprehensive suite of health plans and services to our Individual, Employer Group risk-based, Employer Group fee-based, BlueCard®, Medicare, Medicaid and FEHB program members. Our Health Benefits segment also includes our National Government Services. The Health Benefits segment offers health products on a full-risk basis; provides a broad array of administrative managed care services to our fee-based customers; and provides a variety of specialty and other insurance products and services such as stop loss, dental, vision, life, disability and supplemental health insurance benefits.

Our CarelonRx segment includes our pharmacy business. CarelonRx markets and offers pharmacy services to our affiliated health plan customers, as well as to external customers outside of the health plans we own. CarelonRx offers a comprehensive pharmacy services portfolio, which includes services such as formulary management, pharmacy networks, specialty and home delivery pharmacy services and member services.

Our Carelon Services segment is focused on lowering the cost and improving the quality of healthcare by enabling and creating new care delivery and payment models, with a special emphasis on serving those with complex and chronic conditions. Carelon Services offers a broad array of healthcare-related services and capabilities to internal and external customers including integrated care delivery, behavioral health, palliative care, utilization management, payment integrity services and subrogation services, as well as health and wellness programs.

Our Corporate & Other segment includes our businesses that do not individually meet the quantitative threshold for an operating segment, as well as corporate expenses not allocated to our other reportable segments.

We define operating revenues to include premium income, product revenue and service fees. Operating revenues are derived from premiums and fees received, primarily from the sale and administration of health benefits and pharmacy products and services. Operating gain is calculated as total operating revenue less benefit expense, cost of products sold and operating expense.

Affiliated revenues represent revenues or costs for services provided to our subsidiaries by CarelonRx and Carelon Services, in addition to certain back-office services provided by our international businesses, which are recorded at cost or management's estimate of fair market value. These affiliated revenues are eliminated in consolidation.

Financial data by reportable segment for the three months ended March 31, 2023 and 2022 is as follows:

| | Health Benefits | Carelon | | | Corporate & Other | Eliminations | Total |
|---|---|---|---|---|---|---|---|
| | | CarelonRx | Carelon Services | Total | | | |
| **Three Months Ended March 31, 2023** | | | | | | | |
| Premiums | $ 35,534 | $ — | $ 410 | $ 410 | $ — | $ (76) | $ 35,868 |
| Product revenue | — | 4,022 | — | 4,022 | — | — | 4,022 |
| Service fees | 1,746 | — | 207 | 207 | 55 | — | 2,008 |
| Operating revenue - unaffiliated | 37,280 | 4,022 | 617 | 4,639 | 55 | (76) | 41,898 |
| Operating revenue - affiliated | — | 4,002 | 2,695 | 6,697 | 196 | (6,893) | — |
| Operating revenue - total | $ 37,280 | $ 8,024 | $ 3,312 | $ 11,336 | $ 251 | $ (6,969) | $ 41,898 |
| | | | | | | | |
| Operating gain (loss) | $ 2,159 | $ 512 | $ 209 | $ 721 | $ (49) | $ — | $ 2,831 |
| | | | | | | | |
| **Three Months Ended March 31, 2022** | | | | | | | |
| Premiums | $ 32,463 | $ — | $ 366 | $ 366 | $ — | $ (44) | $ 32,785 |
| Product revenue | — | 3,301 | — | 3,301 | — | — | 3,301 |
| Service fees | 1,564 | — | 226 | 226 | 10 | — | 1,800 |
| Operating revenue - unaffiliated | 34,027 | 3,301 | 592 | 3,893 | 10 | (44) | 37,886 |
| Operating revenue - affiliated | — | 3,382 | 2,356 | 5,738 | 263 | (6,001) | — |
| Operating revenue - total | $ 34,027 | $ 6,683 | $ 2,948 | $ 9,631 | $ 273 | $ (6,045) | $ 37,886 |
| | | | | | | | |
| Operating gain (loss) (restated) | $ 1,851 | $ 398 | $ 200 | $ 598 | $ (22) | $ — | $ 2,427 |

For segment reporting, we present all capitated risk arrangements on a gross basis; therefore, eliminations also include adjustments for unaffiliated capitated risk arrangements that are recognized on a net basis under GAAP, as well as affiliated eliminations.

A reconciliation of reportable segments' operating revenue to the amounts of total revenues included in our consolidated statements of income for the three months ended March 31, 2023 and 2022 is as follows:

| | Three Months Ended March 31 | |
|---|---|---|
| | 2023 | 2022 |
| Reportable segments' operating revenue | $ 41,898 | $ 37,886 |
| Net investment income | 387 | 360 |
| Net losses on financial instruments | (113) | (151) |
| Total revenues | $ 42,172 | $ 38,095 |

A reconciliation of income before income tax expense to reportable segments' operating gain included in our consolidated statements of income for the three months ended March 31, 2023 and 2022 is as follows:

| | Three Months Ended March 31 | |
|---|---|---|
| | 2023 | 2022 |
| | | (Restated) |
| Income before income tax expense | $ 2,619 | $ 2,306 |
| Net investment income | (387) | (360) |
| Net losses on financial instruments | 113 | 151 |
| Interest expense | 251 | 201 |
| Amortization of other intangible assets | 235 | 129 |
| Reportable segments' operating gain | $ 2,831 | $ 2,427 |

## 15. Leases

We lease office space and certain computer and related equipment using noncancellable operating leases. Our leases have remaining lease terms of 1 year to 11 years.

The information related to our leases is as follows:

| | Balance Sheet Location | March 31, 2023 | December 31, 2022 |
|---|---|---|---|
| **Operating Leases** | | | |
| Right-of-use assets | Other noncurrent assets | $ 597 | $ 604 |
| Lease liabilities, current | Other current liabilities | 178 | 181 |
| Lease liabilities, noncurrent | Other noncurrent liabilities | 727 | 751 |

| | Three Months Ended March 31 | |
|---|---|---|
| | 2023 | 2022 |
| **Lease Expense** | | |
| Operating lease expense | $ 25 | $ 28 |
| Short-term and variable lease expense | 13 | 12 |
| Sublease income | (1) | (1) |
| Total lease expense | $ 37 | $ 39 |
| | | |
| **Other information** | | |
| Operating cash paid for amounts included in the measurement of lease liabilities, operating leases | $ 52 | $ 53 |
| Right-of-use assets obtained in exchange for new lease liabilities, operating leases | $ 4 | $ — |

As of March 31, 2023 and December 31, 2022, the weighted average remaining lease term of our operating leases was 7 years for each period. The lease liabilities reflect a weighted average discount rate of 3.19% at March 31, 2023 and 2.98% at December 31, 2022.

Future lease payments for noncancellable operating leases with initial or remaining terms of one year or more are as follows:

| | |
|---|---|
| 2023 (excluding the three months ended March 31, 2023) | $ 162 |
| 2024 | 185 |
| 2025 | 152 |
| 2026 | 118 |
| 2027 | 85 |
| Thereafter | 324 |
| Total future minimum payments | 1,026 |
| Less imputed interest | (121) |
| Total lease liabilities | $ 905 |

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*(In Millions, Except Per Share Data or as Otherwise Stated Herein)*

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with the accompanying consolidated financial statements and notes, our consolidated financial statements and notes as of and for the year ended December 31, 2022 and the MD&A included in our 2022 Annual Report on Form 10-K. References to the terms "we," "our," "us," or "Elevance Health" used throughout this MD&A refer to Elevance Health, Inc., an Indiana corporation, and unless the context otherwise requires, its direct and indirect subsidiaries. References to the "states" include the District of Columbia and Puerto Rico, unless the context otherwise requires.

Results of operations, cost of care trends, investment yields and other measures for the three months ended March 31, 2023 are not necessarily indicative of the results and trends that may be expected for the full year ending December 31, 2023, or any other period.

### Overview

Elevance Health is a health company with the purpose of improving the health of humanity. We are one of the largest health insurers in the United States in terms of medical membership, serving greater than 48 million medical members through our affiliated health plans as of March 31, 2023. We are an independent licensee of the Blue Cross and Blue Shield Association ("BCBSA"), an association of independent health benefit plans, and serve members as the Blue Cross or Blue Cross and Blue Shield licensee in 14 states. We are licensed to conduct insurance operations in all 50 states, the District of Columbia and Puerto Rico through our subsidiaries. Through various subsidiaries, we also offer pharmacy services and other healthcare-related services.

As we announced in 2022, over the next several years we are organizing our brand portfolio into the following core go-to-market brands:

- Anthem Blue Cross/Anthem Blue Cross and Blue Shield — represents our existing Anthem-branded and affiliated Blue Cross and/or Blue Shield licensed plans; and
- Wellpoint — we intend to unite select non-BCBSA licensed Medicare, Medicaid and commercial plans under the Wellpoint name; and
- Carelon — this brand brings together our healthcare-related brands and capabilities, including our CarelonRx and Carelon Services businesses, under a single brand name.

Our branding strategy reflects the evolution of our business from a traditional health insurance company to a lifetime, trusted health partner. Given this evolution, we reviewed and modified how we manage our business, monitor our performance and allocate our resources, and made changes to our reportable segments beginning in the first quarter of 2023. The results of our operations are now reported in the following four reportable segments: Health Benefits (aggregates our previously reported Commercial & Specialty Business and Government Business segments), CarelonRx, Carelon Services (previously included in our Other segment) and Corporate & Other (our businesses that do not individually meet the quantitative thresholds for an operating segment, as well as corporate expenses not allocated to our other reportable segments). In 2022, we managed and presented our operations through the following four reportable segments: Commercial & Specialty Business, Government Business, CarelonRx and Other. Previously reported information in this Form 10-Q has been reclassified to conform to the new presentation. For additional information, see Note 14, "Segment Information," of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q.

For additional information about our organization, see Part I, Item 1, "Business" and Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in our 2022 Annual Report on Form 10-K.

**Business Trends**

In 2022, we made the decision to modestly expand our participation in the Individual state- or federally-facilitated marketplaces (the "Public Exchange") for 2023, after also modestly expanding in 2022. As a result, for 2023, we are offering Individual Public Exchange products in 138 of the 143 rating regions in which we operate, in comparison to 122 of 143 rating regions in 2022. Our strategy has been, and will continue to be, to only participate in rating regions where we have an appropriate level of confidence that these markets are on a path toward sustainability, including, but not limited to, factors such as expected financial performance, regulatory environment and underlying market characteristics. Changes to our business environment are likely to continue as elected officials at the national and state levels continue to enact, and both elected officials and candidates for election continue to propose, significant modifications to existing laws and regulations, including changes to taxes and fees. In addition, the continuing growth in our government-sponsored business exposes us to increased regulatory oversight.

Our CarelonRx subsidiary markets and offers pharmacy services to our affiliated health plan customers throughout the country, as well as to customers outside of the health plans we own. Our comprehensive pharmacy services portfolio includes features such as formulary management, pharmacy networks, specialty and home delivery pharmacy services and member services. CarelonRx delegates certain pharmacy services, such as claims processing and prescription fulfillment, to CaremarkPCS Health, L.L.C., which is a subsidiary of CVS Health Corporation, pursuant to a five-year agreement, which is set to terminate on December 31, 2024. With CarelonRx, we retain the responsibilities for clinical and formulary strategy and development, member and employer experiences, operations, sales, marketing, account management and retail network strategy.

*Pricing Trends:* We strive to price our health benefit products consistent with anticipated underlying medical cost trends. We continue to closely monitor the COVID-19 pandemic (including new COVID-19 variants, which may be more contagious or severe, or less responsive to treatment or vaccines) and the impacts it may have on our pricing. We frequently make adjustments to respond to legislative and regulatory changes as well as pricing and other actions taken by existing competitors and new market entrants. Revenues from the Medicare and Medicaid programs are dependent, in whole or in part, upon annual funding from the federal government and/or applicable state governments. Product pricing remains competitive.

*Medical Cost Trends:* Our medical cost trends are primarily driven by increases in the utilization of services across all provider types and the unit cost increases of these services. We work to mitigate these trends through various medical management programs such as care and condition management, program integrity and specialty pharmacy management and utilization management, as well as benefit design changes. There are many drivers of medical cost trends that can cause variance from our estimates, such as changes in the level and mix of services utilized, regulatory changes, aging of the population, health status and other demographic characteristics of our members, epidemics, pandemics, advances in medical technology, new high-cost prescription drugs, provider contracting inflation, labor costs and healthcare provider or member fraud.

Drivers of medical cost trend in the first quarter of 2023 include decreases in COVID-19 healthcare related expenses compared to prior year experience. The Omicron variant increased COVID-19 healthcare related expenses in the beginning of 2022, then quickly declined during the first quarter of 2022. COVID-19 claim costs for the first quarter of 2023 were lower than the prior year. The ongoing cost and volume of covered services related to the COVID-19 pandemic and a future shift of government supplied vaccinations and treatments to privatized, full cost price points may have an adverse effect on our future claim costs. We continue to closely monitor the COVID-19 pandemic and its impacts on our medical cost trends.

For additional discussion regarding business trends, see Part I, Item 1, "Business" included in our 2022 Annual Report on Form 10-K.

**Regulatory Trends and Uncertainties**

With the declaration of COVID-19 as a public health emergency ("PHE") in January 2020, the federal and state governments enacted, and may continue to enact, legislation and regulations in response to the COVID-19 pandemic that have had, and we expect will continue to have, a significant impact on health benefits, consumer eligibility for public programs and our cash flows for all of our lines of business and which have introduced increased uncertainty around our cost structure. These actions, which are or have been in effect for various durations, provide, among other things: mandates to waive cost-sharing for COVID-19 testing, vaccines and related services; financial support to healthcare providers; and mandates related to prior authorizations, payment levels to providers, consumer enrollment windows and telehealth services. The Biden administration renewed the PHE on January 11, 2023 and has indicated that they intend for the PHE to expire on May 11, 2023.

Under the Consolidated Appropriations Act of 2023 (the "2023 Appropriations Act"), Congress decoupled Medicaid eligibility recertification from the PHE. As a result, states were permitted to begin removing ineligible beneficiaries from their Medicaid programs starting April 1, 2023. As recertifications resume, we expect a decline in our Medicaid membership. At the same time, we expect growth in our commercial risk-based and fee-based plans and Medicare, including through the Public Exchanges, as members exiting Medicaid in our 14 commercial states seek coverage elsewhere.

The Inflation Reduction Act of 2022, which was signed into law in August 2022, contains a variety of provisions that impact our business including an extension of the American Rescue Plan Act of 2021's enhanced Premium Tax Credits ("PTC") through 2025; imposing a new corporate alternative minimum tax; providing a one percent excise tax on repurchases of stock made after December 31, 2022; allowing CMS to negotiate prices on a limited set of prescription drugs in Medicare Parts B and D beginning in 2026; instituting caps on insulin cost sharing in Medicare Parts B and D; redesigning of the Medicare Part D benefit; adding a requirement that drug manufacturers pay rebates if prices increase beyond inflation; and delaying the implementation of the Trump Administration Medicare drug rebate rule until 2032. The extension of the enhanced PTC will likely allow for growth in Individual exchange market enrollment, as Medicaid eligibility recertifications resume, supporting continuity of coverage for more people.

The Consolidated Appropriations Act of 2021 (the "Appropriations Act") has impacted and in the future may have a material effect upon our business, including procedures and coverage requirements related to surprise medical bills and new mandates for continuity of care for certain patients, price comparison tools, disclosure of broker compensation, mental health parity reporting, and reporting on pharmacy benefits and drug costs. The requirements of the Appropriations Act applicable to us have varying effective dates, some of which were effective in December 2021 and others that have been extended into 2023 since the enactment of the Appropriations Act.

The health plan price transparency regulations issued in October 2020 by the U.S. Departments of Health and Human Services, Labor and Treasury required us to begin disclosing in July 2022, on a monthly basis, detailed pricing information regarding negotiated rates for all covered items and services between the plan or issuer and in-network providers and historical payments to, and billed charges from, out-of-network providers. Additionally, beginning in 2023, we are now required to make available to members personalized out-of-pocket cost information and the underlying negotiated rates for 500 covered healthcare items and services, including prescription drugs. In 2024, this requirement will expand to all items and services.

Since its enactment in 2010, the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, as amended (collectively, the "ACA"), has introduced new risks, regulatory challenges and uncertainties, has impacted our business model and strategy and has required changes in the way our products are designed, underwritten, priced, distributed and administered. We expect the ACA will continue to significantly impact our business and results of operations, including pricing, minimum medical loss ratios and the geographies in which our products are available. We also expect further and ongoing regulatory guidance on a number of issues related to Medicare, including evolving methodology for ratings and quality bonus payments. CMS also frequently proposes changes to its program that audits data submitted under the risk adjustment programs in ways that could increase financial recoveries from plans. We will continue to evaluate the impact of the ACA as any further developments occur.

For additional discussion regarding regulatory trends and uncertainties and risk factors, see Part I, Item 1, "Business – Regulation", Part I, Item 1A, "Risk Factors", and the "Regulatory Trends and Uncertainties" section of Part II, Item 7,

"Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our 2022 Annual Report on Form 10-K.

**Other Significant Items**

**Business and Operational Matters**

On March 28, 2023, we announced our entrance into an agreement to sell our life and disability businesses to StanCorp Financial Group, Inc. ("The Standard"), a provider of financial protection products and services for employers and individuals. Upon closing, we and The Standard will enter into a product distribution partnership. The divestiture is expected to close by the end of the first quarter of 2024 and is subject to standard closing conditions and customary approvals.

On January 23, 2023, we announced our entrance into an agreement to acquire Louisiana Health Service & Indemnity Company, d/b/a Blue Cross and Blue Shield of Louisiana ("BCBSLA"), an independent licensee of the BCBSA that provides healthcare plans to the Individual, Employer Group, Medicaid and Medicare markets, primarily in the State of Louisiana. This acquisition aligns with our mission to become a lifetime, trusted health partner as we bring our innovative whole-health solutions to BCBSLA's members. The acquisition is expected to close by the end of the fourth quarter of 2023 and is subject to standard closing conditions and customary approvals.

On February 15, 2023, we completed our acquisition of BioPlus Parent, LLC and subsidiaries ("BioPlus") from CarepathRx Aggregator, LLC. Prior to the acquisition, BioPlus was one of the largest independent specialty pharmacy organizations in the United States. BioPlus, which operates as part of CarelonRx, seeks to connect payors and providers of specialty pharmaceuticals to meet the medication therapy needs of patients with complex medical conditions. This acquisition aligns with our vision to be an innovative, valuable and inclusive healthcare partner by providing care management programs that improve the lives of the people we serve.

On May 5, 2022, we completed our acquisition of Integra Managed Care ("Integra"). Integra is a managed long-term care plan that serves New York state Medicaid members, enabling adults with long-term care needs and disabilities to live safely and independently in their own homes.

For additional information, see Note 3, "Business Acquisitions and Divestitures," of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q.

**Litigation Matters**

In the consolidated multi-district proceeding in the United States District Court for the Northern District of Alabama (the "Court") captioned *In re Blue Cross Blue Shield Antitrust Litigation* ("BCBSA Litigation"), the BCBSA and Blue Cross and/or Blue Shield licensees, including us (the "Blue plans") previously approved a settlement agreement and release with the plaintiffs representing a putative nationwide class of health plan subscribers (the "Subscriber Settlement Agreement"), which agreement required the Court's approval to become effective. Generally, the lawsuits in the BCBSA Litigation challenge elements of the licensing agreements between the BCBSA and the independently owned and operated Blue plans. The cases were brought by two putative nationwide classes of plaintiffs, health plan subscribers and providers. The Subscriber Settlement Agreement applies only to the subscriber class. The defendants continue to contest the consolidated cases brought by the provider plaintiffs.

In August 2022, the Court issued a final order approving the Subscriber Settlement Agreement (the "Final Approval Order"). In compliance with the Subscriber Settlement Agreement, the Company paid $506 into an escrow account in September 2022, for an aggregate and full settlement payment by the Company of $596, which amount was accrued in 2020. Four notices of appeal of the Final Approval Order were filed prior to the September 2022 appeal deadline. Those appeals are proceeding in the United States Court of Appeals for the Eleventh Circuit. In the event all appellate rights are exhausted in a manner that affirms the Court's Final Approval Order, the defendants' payment and non-monetary obligations under the Subscriber Settlement Agreement will become effective and the funds held in escrow will be distributed in accordance with the Subscriber Settlement Agreement. For additional information regarding the BCBSA Litigation, see Note 10, "Commitments and Contingencies – *Litigation and Regulatory Proceedings – Blue Cross Blue Shield Antitrust Litigation*," of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q.

**Selected Operating Performance**

For the twelve months ended March 31, 2023, total medical membership increased by 1.3 million, or 2.9%. Our membership increase was primarily driven by growth in our Medicaid business, increased sales to our commercial fee-based employers and growth in both our Medicare Advantage and Individual Public Exchange products, partially offset by attrition in our Group risk-based business.

Operating revenue for the three months ended March 31, 2023 was $41,898, an increase of $4,012, or 10.6%, from the three months ended March 31, 2022. Operating revenue increased primarily as a result of higher premiums due to membership growth in our Medicaid business, membership growth in our Medicare Advantage business, premium rate increases in our Health Benefits business to more accurately reflect current cost of care and growth in CarelonRx pharmacy product revenue driven by growth in integrated medical and standalone pharmacy customers.

Net income for the three months ended March 31, 2023 was $2,004, an increase of $225, or 12.6%, from the three months ended March 31, 2022. The increase in net income was primarily due to operating gain increases in our business segments, increases in net investment income and lower net losses on financial instruments. These increases were partially offset by increased amortization of other intangible assets, higher income taxes and increased interest expense.

Our fully-diluted shareholders' earnings per share ("EPS") was $8.30 for the three months ended March 31, 2023, which represented a 13.4% increase from EPS of $7.32 for the three months ended March 31, 2022. The increase in EPS for the three months ended March 31, 2023 resulted primarily from increased net income.

Operating cash flow for the three months ended March 31, 2023 and 2022 was $6,469 and $2,541, respectively. The increase was primarily due to early receipt of April 2023's premium payments from CMS, timing of working capital changes and higher net income for the three months ended March 31, 2023.

**Membership and Other Metrics**

The following table presents our medical membership by customer type as of March 31, 2023 and 2022. Also included below are other membership by product and other metrics. The membership data and other metrics presented are unaudited and in certain instances include estimates of the number of members represented by each contract at the end of the period. CarelonRx Quarterly Adjusted Scripts metric represents adjusted script volume based on the number of days a prescription covers. On an adjusted basis, one 90-day script counts the same as three 30-day scripts. The Carelon Services Consumers Served metric represents the number of consumers receiving one or more healthcare-related services from Carelon Services who are members of our affiliated health plans as well as those who are members of non-affiliated health plans. For a more detailed description of our medical membership, see the "Membership" section of Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our 2022 Annual Report on Form 10-K.

| | March 31 | | | |
|---|---|---|---|---|
| | 2023 | 2022 | Change | % Change |
| **Medical Membership *(in thousands)*** | | | | |
| Individual | 942 | 818 | 124 | 15.2 % |
| Employer Group Risk-Based | 3,798 | 4,028 | (230) | (5.7)% |
| **Commercial Risk-Based** | 4,740 | 4,846 | (106) | (2.2)% |
| BlueCard® | 6,607 | 6,370 | 237 | 3.7 % |
| Employer Group Fee-Based | 20,278 | 20,148 | 130 | 0.6 % |
| **Commercial Fee-Based** | 26,885 | 26,518 | 367 | 1.4 % |
| Medicare Advantage | 2,053 | 1,921 | 132 | 6.9 % |
| Medicare Supplement | 925 | 939 | (14) | (1.5)% |
| **Total Medicare** | 2,978 | 2,860 | 118 | 4.1 % |
| **Medicaid** | 11,889 | 10,919 | 970 | 8.9 % |
| **Federal Employees Health Benefits ("FEHB")** | 1,632 | 1,632 | — | — % |
| **Total Medical Membership** | 48,124 | 46,775 | 1,349 | 2.9 % |
| | | | | |
| **Other Membership *(in thousands)*** | | | | |
| Life and Disability Members | 4,771 | 4,679 | 92 | 2.0 % |
| Dental Members | 6,743 | 6,649 | 94 | 1.4 % |
| Dental Administration Members | 1,697 | 1,588 | 109 | 6.9 % |
| Vision Members | 9,904 | 9,211 | 693 | 7.5 % |
| Medicare Part D Standalone Members | 264 | 279 | (15) | (5.4)% |
| | | | | |
| **Other Metrics *(in millions)*** | | | | |
| CarelonRx Quarterly Adjusted Scripts | 75.7 | 73.0 | 2.7 | 3.7 % |
| Carelon Services Consumers Served | 104.0 | 104.0 | — | — % |

**Medical Membership**

Medical membership increased primarily due to growth in our Medicaid business, increased sales to our commercial fee-based employers and growth in both our Medicare Advantage and Individual Public Exchange products, partially offset by attrition in our Employer Group risk-based business.

**Other Membership**

Our other membership can be impacted by changes in our medical membership, as our medical members often purchase our other products that are ancillary to our health business. Life and disability membership increased primarily due to new sales of disability products. Dental membership increased primarily due to new sales in our Employer Group risk-based accounts and increases in our FEHB program. Dental administration membership increased primarily due to favorable in-

group change with other BCBSA plans associated with the FEHB program. Vision membership increased due to sales exceeding lapses in our Employer Group risk-based accounts and increases associated with Medicare Advantage plans.

**Other Metrics**

CarelonRx quarterly adjusted scripts increased due to growth in our integrated medical and standalone pharmacy customers.

**Consolidated Results of Operations**

Our consolidated summarized results of operations and other financial information for the three months ended March 31, 2023 and 2022 are as follows:

| | Three Months Ended March 31 | | | |
|---|---|---|---|---|
| | 2023 | 2022 | Change | % Change |
| | | (Restated) | | |
| Total operating revenue | $ 41,898 | $ 37,886 | $ 4,012 | 10.6 % |
| Net investment income | 387 | 360 | 27 | 7.5 % |
| Net losses on financial instruments | (113) | (151) | 38 | (25.2)% |
| **Total revenues** | 42,172 | 38,095 | 4,077 | 10.7 % |
| Benefit expense | 30,786 | 28,231 | 2,555 | 9.1 % |
| Cost of products sold | 3,481 | 2,883 | 598 | 20.7 % |
| Operating expense | 4,800 | 4,345 | 455 | 10.5 % |
| Other expense[1] | 486 | 330 | 156 | 47.3 % |
| **Total expenses** | 39,553 | 35,789 | 3,764 | 10.5 % |
| **Income before income tax expense** | 2,619 | 2,306 | 313 | 13.6 % |
| Income tax expense | 615 | 527 | 88 | 16.7 % |
| **Net income** | $ 2,004 | $ 1,779 | $ 225 | 12.6 % |
| **Net (income) loss attributable to noncontrolling interests** | (15) | 10 | (25) | NM |
| **Shareholders' net income** | $ 1,989 | $ 1,789 | $ 200 | 11.2 % |
| | | | | |
| Average diluted shares outstanding | 239.7 | 244.4 | (4.7) | (1.9)% |
| Diluted shareholders' net income per share | $ 8.30 | $ 7.32 | $ 0.98 | 13.4 % |
| Effective tax rate | 23.5 % | 22.9 % | | 60 bp[3] |
| Benefit expense ratio[2] | 85.8 % | 86.1 % | | (30) bp[3] |
| Operating expense ratio[4] | 11.5 % | 11.5 % | | 0 bp[3] |
| Income before income tax expense as a percentage of total revenues | 6.2 % | 6.1 % | | 10 bp[3] |
| Shareholders' net income as a percentage of total revenues | 4.8 % | 4.7 % | | 10 bp[3] |

Certain of the following definitions are also applicable to all other results of operations tables in this discussion:

NM Not meaningful.

1 Includes interest expense and amortization of other intangible assets.

2 Benefit expense ratio represents benefit expense as a percentage of premium revenue. Premiums for the three months ended March 31, 2023 and 2022 were $35,868 and $32,785, respectively.

3 bp = basis point; one hundred basis points = 1%.

4 Operating expense ratio represents operating expense as a percentage of total operating revenue.

***Three Months Ended March 31, 2023 Compared to the Three Months Ended March 31, 2022***

Total operating revenue increased primarily as a result of higher premiums due to membership growth in our Medicaid business, membership growth in our Medicare Advantage business and premium rate adjustments in our Health Benefits business to more accurately reflect current cost of care. The increase in operating revenue was further attributable to growth in CarelonRx pharmacy product revenue driven by growth in members served and script volume.

Net investment income increased primarily due to higher income from fixed maturity securities, partially offset by reduced investment income from alternative investments.

Net losses on financial instruments decreased primarily due to lower mark-to-market losses on equity securities still held at the period end date and reduced net losses on the sale of fixed maturity securities, partially offset by lower net gains on other invested assets.

Benefit expense increased primarily due to healthcare costs associated with membership growth in our Medicaid and Medicare businesses.

Our benefit expense ratio decreased, driven by our commercial risk-based health plans, inclusive of the realignment of certain quality improvement costs from benefit expense to operating expense following regulatory clarification in 2022.

Cost of products sold reflects the cost of pharmaceuticals dispensed by CarelonRx for our unaffiliated customers. Cost of products sold increased as the corresponding pharmacy product revenues increased.

Operating expense increased primarily due to increased costs to support membership growth.

Our operating expense ratio remained unchanged from the first quarter of 2022. Our operating expense ratio increased due to the realignment of certain quality improvement expenses discussed above. This increase was offset by a decline in our operating expense ratio driven by expense leverage associated with strong growth in our operating revenue.

Other expense increased primarily due to additional amortization of other intangible assets as well as increased interest expense.

Our effective income tax rate increased in 2023 primarily due to the tax impact of expected geographic changes in our mix of 2023 earnings and reduced investment tax credits.

Our shareholders' net income as a percentage of total revenues increased in 2023 as compared to 2022 as a result of all factors discussed above.

**Reportable Segments Results of Operations**

Our results of operations discussed throughout this MD&A are determined in accordance with U.S. generally accepted accounting principles ("GAAP"). We also calculate operating gain and operating margin to further aid investors in understanding and analyzing our core operating results and comparing them among periods. We define operating revenue as premium income, product revenue and service fees. Operating gain is calculated as total operating revenue less benefit expense, cost of products sold and operating expense. It does not include net investment income, net (losses) gains on financial instruments, interest expense, amortization of other intangible assets or income taxes, as these items are managed in our corporate shared service environment and are not the responsibility of operating segment management. Operating margin is calculated as operating gain divided by operating revenue. We use these measures as a basis for evaluating segment performance, allocating resources, forecasting future operating periods and setting incentive compensation targets. This information is not intended to be considered in isolation or as a substitute for income before income tax expense, shareholders' net income or EPS prepared in accordance with GAAP, and may not be comparable to similarly titled measures reported by other companies. For a reconciliation of reportable segments' operating revenue to the amounts of total revenue included in the consolidated statements of income and a reconciliation of income before income tax expense to reportable segments' operating gain, see Note 14, "Segment Information," of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q.

As discussed in Note 1 "Organization", of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q, we are reorganizing our brand portfolio into three core go-to-market brands over the next several years. Our branding strategy reflects the evolution of our business from a traditional health insurance company to a lifetime, trusted health partner, and our reportable segment presentation and its composition as of January 1, 2023 reflects changes associated with this evolution and new branding strategy. The results of our operations are now reported in the following four reportable segments: Health Benefits (aggregates our previously reported Commercial & Specialty Business and Government Business segments), CarelonRx, Carelon Services (previously included in our Other segment) and Corporate & Other (our businesses

that do not individually meet the quantitative thresholds for an operating segment, as well as corporate expenses not allocated to our other reportable segments). In 2022, we managed and presented our operations through the following four reportable segments: Commercial & Specialty Business, Government Business, CarelonRx and Other. Previously reported information in this Form 10-Q has been reclassified to conform to the new presentation. For additional information, see Note 14, "Segment Information," of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q.

The following table presents a summary of the reportable segment financial information for the three months ended March 31, 2023 and 2022:

| | Three Months Ended March 31 | | | |
|---|---|---|---|---|
| | 2023 | 2022 | Change | % Change |
| **Operating Revenue** | | | | |
| Health Benefits | $ 37,280 | $ 34,027 | $ 3,253 | 9.6 % |
| CarelonRx | 8,024 | 6,683 | 1,341 | 20.1 % |
| Carelon Services | 3,312 | 2,948 | 364 | 12.3 % |
| Corporate & Other | 251 | 273 | (22) | (8.1)% |
| Eliminations | (6,969) | (6,045) | (924) | 15.3 % |
| Total operating revenue | $ 41,898 | $ 37,886 | $ 4,012 | 10.6 % |
| **Operating Gain (Loss)** | | (Restated) | | |
| Health Benefits | $ 2,159 | $ 1,851 | $ 308 | 16.6 % |
| CarelonRx | 512 | 398 | 114 | 28.6 % |
| Carelon Services | 209 | 200 | 9 | 4.5 % |
| Corporate & Other | (49) | (22) | (27) | NM |
| **Operating Margin** | | | | |
| Health Benefits | 5.8 % | 5.4 % | | 40 bp |
| CarelonRx | 6.4 % | 6.0 % | | 40 bp |
| Carelon Services | 6.3 % | 6.8 % | | (50) bp |

NM Not meaningful.
bp = basis point; one hundred basis points = 1%.

***Three Months Ended March 31, 2023 Compared to the Three Months Ended March 31, 2022***

**Health Benefits**

Operating revenue increased primarily due to higher premiums from membership growth in our Medicaid business, membership growth in our Medicare Advantage business and premium rate increases to more accurately reflect our post-pandemic cost structure.

Operating gain increased primarily due to premium rate adjustments to more accurately reflect our post-pandemic cost structure and membership growth in our Medicaid business.

**CarelonRx**

Operating revenue and operating gain increased primarily as a result of growth in CarelonRx pharmacy product revenue driven by growth in integrated medical and standalone pharmacy customers.

**Carelon Services**

Operating revenue increased primarily due to higher revenue for post-acute care services performed for our Medicare business and behavioral health services performed for our Medicaid business.

The increase in operating gain was primarily driven by improved performance in our care delivery risk business and the expansion of our post-acute care services, partially offset by higher medical cost trends in our behavioral health business.

**Corporate & Other**

Operating revenue decreased primarily due to lower affiliated revenues in our international operations.

Operating loss increased primarily due to an increase in unallocated corporate expenses.

**Critical Accounting Policies and Estimates**

We prepare our consolidated financial statements in conformity with GAAP. Application of GAAP requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes and within this MD&A. We consider our most important accounting policies that require significant estimates and management judgment to be those policies with respect to liabilities for medical claims payable, income taxes, goodwill and other intangible assets, investments and retirement benefits. Our accounting policies related to these items are discussed in our 2022 Annual Report on Form 10-K in Note 2, "Basis of Presentation and Significant Accounting Policies," to our audited consolidated financial statements as of and for the year ended December 31, 2022, as well as in the "Critical Accounting Policies and Estimates" section of Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations." As of March 31, 2023, our critical accounting policies and estimates have not changed from those described in our 2022 Annual Report on Form 10-K.

***Medical Claims Payable***

The most subjective accounting estimate in our consolidated financial statements is our liability for medical claims payable. Our accounting policies related to medical claims payable are discussed in the references cited above. As of March 31, 2023, our critical accounting policies and estimates related to medical claims payable have not changed from those described in our 2022 Annual Report on Form 10-K. For a reconciliation of the beginning and ending balance for medical claims payable for the three months ended March 31, 2023 and 2022, see Note 8, "Medical Claims Payable," of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q.

The following table provides a summary of the two key assumptions having the most significant impact on our incurred but not paid liability estimates for the three months ended March 31, 2023 and 2022, which are the trend and completion factors. These two key assumptions can be influenced by utilization levels, unit costs, mix of business, benefit plan designs, provider reimbursement levels, processing system conversions and changes, claim inventory levels, claim processing patterns, claim submission patterns and operational changes resulting from business combinations.

| | Favorable Developments by Changes in Key Assumptions | |
|---|---|---|
| | Three Months Ended March 31 | |
| | 2023 | 2022 |
| Assumed trend factors | $ 772 | $ 880 |
| Assumed completion factors | 296 | 53 |
| Total | $ 1,068 | $ 933 |

The favorable development recognized in the three months ended March 31, 2023 and 2022 resulted primarily from trend factors in late 2022 and late 2021, respectively, developing more favorably than originally expected. Favorable development in the completion factors resulting from the latter part of 2022 developing faster than expected also contributed to the favorable development for the three months ended March 31, 2023.

The ratio of current year medical claims paid as a percent of current year net medical claims incurred was 64.9% and 61.0% for the three months ended March 31, 2023 and 2022, respectively. This ratio serves as an indicator of claims processing speed whereby speed for claims payments was slightly higher during the three months ended March 31, 2023 as compared to the three months ended March 31, 2022.

We calculate the percentage of prior year redundancies in the current period as a percent of prior year net medical claims payable less prior year redundancies in the current period in order to demonstrate the development of prior year reserves. For the three months ended March 31, 2023, this metric was 7.5%, largely driven by favorable trend factor development at the

end of 2022 as well as favorable completion factor development factor from 2021. For the three months ended March 31, 2022, this metric was 7.6%, largely driven by favorable trend factor development at the end of 2021.

We calculate the percentage of prior year redundancies in the current period as a percent of prior year net incurred medical claims to indicate the percentage of redundancy included in the preceding year calculation of current year net incurred medical claims. We believe this calculation supports the reasonableness of our prior year estimate of incurred medical claims and the consistency in our methodology. For the three months ended March 31, 2023, this metric was 0.9%, which was calculated using the redundancy of $1,068. For the three months ended March 31, 2022, the comparable metric was 0.9%, which was calculated using the redundancy of $933. We believe these metrics demonstrate an appropriate level of reserve conservatism.

***New Accounting Pronouncements***

We adopted accounting standard amendments on long-duration insurance accounting which became effective for us on January 1, 2023, using the modified retrospective transition method for changes to the liability for future policy benefits and deferred acquisition costs as of the transition date, January 1, 2021. While the adoption did not have an overall material impact, our prior period financial statements presented in this Form 10-Q have been restated to reflect the impacts of our adoption as required by the new standard. For more information regarding this new accounting pronouncement that was adopted, see the "*Recently Adopted Accounting Guidance*" sections of Note 2, "Basis of Presentation and Significant Accounting Policies," of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q.

**Liquidity and Capital Resources**

***Sources and Uses of Capital***

Our cash receipts result primarily from premiums, product revenue, service fees, investment income, proceeds from the sale or maturity of our investment securities, proceeds from borrowings and proceeds from the issuance of common stock under our employee stock plans. Cash disbursements result mainly from claims payments, operating expenses, taxes, purchases of investment securities, interest expense, payments on borrowings, acquisitions, capital expenditures, repurchases of our debt securities and common stock and the payment of cash dividends. Cash outflows fluctuate with the amount and timing of settlement of these transactions. Any future decline in our profitability would likely have an unfavorable impact on our liquidity.

For a more detailed overview of our liquidity and capital resources management, see the "*Introduction*" section included in the "Liquidity and Capital Resources" section of Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our 2022 Annual Report on Form 10-K.

For additional information regarding our sources and uses of capital during the three months ended March 31, 2023, see Note 5, "Derivative Financial Instruments," Note 9, "Debt," and Note 11, "Capital Stock – *Use of Capital – Dividends and Stock Repurchase Program,*" of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q.

***Liquidity***

A summary of our major sources and uses of cash and cash equivalents for the three months ended March 31, 2023 and 2022 is as follows:

| | Three Months Ended March 31 | | |
|---|---|---|---|
| | 2023 | 2022 | Change |
| **Sources of Cash:** | | | |
| Net cash provided by operating activities | $ 6,469 | $ 2,541 | $ 3,928 |
| Issuances of commercial paper and short- and long-term debt, net of repayments | 991 | 211 | 780 |
| Proceeds from issuance of common stock under employee stock plans | 43 | 76 | (33) |
| Other sources of cash, net | — | 420 | (420) |
| Total sources of cash | 7,503 | 3,248 | 4,255 |
| **Uses of Cash:** | | | |
| Purchases of investments, net of proceeds from sales, maturities, calls and redemptions | (1,421) | (794) | (627) |
| Purchases of subsidiaries, net of cash acquired | (1,638) | (61) | (1,577) |
| Repurchase and retirement of common stock | (622) | (545) | (77) |
| Purchases of property and equipment | (301) | (254) | (47) |
| Cash dividends | (351) | (309) | (42) |
| Other uses of cash, net | (416) | — | (416) |
| Total uses of cash | (4,749) | (1,963) | (2,786) |
| Effect of foreign exchange rates on cash and cash equivalents | 1 | (4) | 5 |
| Net increase in cash and cash equivalents | $ 2,755 | $ 1,281 | $ 1,474 |

The increase in net cash provided by operating activities was primarily due to the early receipt of April 2023's premium payments from CMS, timing of working capital changes and higher net income for the three months ended March 31, 2023.

Other significant changes in sources or uses of cash year-over-year included higher amounts for purchases of subsidiaries, net of cash acquired and purchase of investments, net of proceeds from sales, maturities, calls and redemptions. These additional uses of cash were partially offset by increased issuances of commercial paper and short- and long-term debt, net of repayments.

We maintained a strong financial condition and liquidity position, with consolidated cash, cash equivalents and investments in fixed maturity and equity securities of $38,953 at March 31, 2023. Since December 31, 2022, total cash, cash equivalents and investments in fixed maturity and equity securities increased by $3,909, primarily due to cash generated from operations and an increase in market value of our fixed maturity securities. These increases were partially offset by cash used for the purchase of subsidiaries, cash used for common stock repurchases, dividends paid to shareholders and the purchase of property and equipment.

Many of our subsidiaries are subject to various government regulations that restrict the timing and amount of dividends and other distributions that may be paid to their respective parent companies. Certain accounting practices prescribed by insurance regulatory authorities, or statutory accounting practices, differ from GAAP. Changes that occur in statutory accounting practices, if any, could impact our subsidiaries' future dividend capacity. In addition, we have agreed to certain undertakings to regulatory authorities, including the requirement to maintain certain capital levels in certain of our subsidiaries.

At March 31, 2023, we held $1,062 of cash, cash equivalents and investments at the parent company, which are available for general corporate use, including investment in our businesses, acquisitions, potential future common stock repurchases and dividends to shareholders, repurchases of debt securities and debt and interest payments.

Periodically, we access capital markets and issue debt ("Notes") for long-term borrowing purposes, for example, to refinance debt, to finance acquisitions or for share repurchases. Certain of these Notes may have a call feature that allows us

to redeem the Notes at any time at our option and/or a put feature that allows a Note holder to redeem the Notes upon the occurrence of both a change in control event and a downgrade of the Notes below an investment grade rating. For more information on our debt, including redemptions and issuances, see Note 9, "Debt," of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q.

We calculate our consolidated debt-to-capital ratio, a non-GAAP measure, from the amounts presented on our consolidated balance sheets included in Part I, Item 1 of this Form 10-Q. Our debt-to-capital ratio is calculated as total debt divided by total debt plus total shareholders' equity. Total debt is the sum of short-term borrowings, current portion of long-term debt and long-term debt, less current portion. We believe our debt-to-capital ratio assists investors and rating agencies in measuring our overall leverage and additional borrowing capacity. In addition, our bank covenants include a maximum debt-to-capital ratio that we cannot and did not exceed. Our debt-to-capital ratio may not be comparable to similarly titled measures reported by other companies. Our consolidated debt-to-capital ratio was 40.5% and 39.9% as of March 31, 2023 and December 31, 2022, respectively.

Our senior debt is rated "A" by S&P Global Ratings, "BBB" by Fitch Ratings, Inc., "Baa2" by Moody's Investor Service, Inc. and "bbb+" by AM Best Company, Inc. We intend to maintain our senior debt investment grade ratings. If our credit ratings are downgraded, our business, liquidity, financial condition and results of operations could be adversely impacted by limitations on future borrowings and a potential increase in our borrowing costs.

***Capital Resources***

We have a shelf registration statement on file with the U.S. Securities and Exchange Commission to register an unlimited amount of any combination of debt or equity securities in one or more offerings. Specific information regarding terms and securities being offered will be provided at the time of an offering. Proceeds from future offerings are expected to be used for general corporate purposes, including, but not limited to, the repayment of debt, investments in or extensions of credit to our subsidiaries, the financing of possible acquisitions or business expansions.

We have a senior revolving credit facility (the "5-Year Facility") with a group of lenders for general corporate purposes. The 5-Year Facility provides for a credit of up to $4,000 and matures in April 2027. Our ability to borrow under the 5-Year Facility is subject to compliance with certain covenants, including covenants requiring us to maintain a defined debt-to-capital ratio of not more than 60%, subject to increase in certain circumstances set forth in the credit agreement for the 5-Year Facility. We do not believe the restrictions contained in our 5-Year Facility covenants materially affect our financial or operating flexibility. We had no amounts outstanding as of March 31, 2023 or December 31, 2022. As of March 31, 2023, we were in compliance with all of the debt covenants under the 5-Year Facility.

Through certain subsidiaries, we have entered into multiple 364-day lines of credit (the "Subsidiary Credit Facilities") with separate lenders for general corporate purposes. The Subsidiary Credit Facilities provide combined credit up to $200. Our ability to borrow under the Subsidiary Credit Facilities is subject to compliance with certain covenants. At March 31, 2023 and December 31, 2022, we had no outstanding borrowings under the Subsidiary Credit Facilities.

We have an authorized commercial paper program of up to $4,000, the proceeds of which may be used for general corporate purposes. Should commercial paper issuance become unavailable, we have the ability to use a combination of cash on hand and/or our 5-Year Facility to redeem any outstanding commercial paper upon maturity. At March 31, 2023 and December 31, 2022, we had $325 and $0, respectively, outstanding under our commercial paper program.

While there is no assurance in the current economic environment, we believe the lenders participating in our 5-Year Facility and Subsidiary Credit Facilities, if market conditions allow, would be willing to provide financing in accordance with their legal obligations.

We are a member, through certain subsidiaries, of the Federal Home Loan Bank of Indianapolis, the Federal Home Loan Bank of Cincinnati, the Federal Home Loan Bank of Atlanta and the Federal Home Loan Bank of New York (collectively the "FHLBs"). As a member, we have the ability to obtain short-term cash advances, subject to certain minimum collateral requirements. We had $265 of outstanding short-term borrowings from the FHLBs at each of March 31, 2023 and December 31, 2022.

We regularly review the appropriate use of capital, including acquisitions, common stock and debt security repurchases and dividends to shareholders. The declaration and payment of any dividends or repurchases of our common stock or debt is at the discretion of our Board of Directors and depends upon our financial condition, results of operations, future liquidity needs, regulatory and capital requirements and other factors deemed relevant by our Board of Directors.

For additional information regarding our sources and uses of capital at March 31, 2023, see Note 4, "Investments," Note 5, "Derivative Financial Instruments," Note 9, "Debt," and Note 11, "Capital Stock – *Use of Capital – Dividends and Stock Repurchase Program,*" of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q.

In addition to regulations regarding the timing and amount of dividends, our regulated subsidiaries' states of domicile have statutory risk-based capital ("RBC") requirements for health and other insurance companies and health maintenance organizations largely based on the National Association of Insurance Commissioners ("NAIC") Risk-Based Capital (RBC) for Health Organizations Model Act (the "RBC Model Act"). These RBC requirements are intended to measure capital adequacy, taking into account the risk characteristics of an insurer's investments and products. The NAIC sets forth the formula for calculating the RBC requirements, which are designed to take into account asset risks, insurance risks, interest rate risks and other relevant risks with respect to an individual insurance company's business. In general, under the RBC Model Act, an insurance company must submit a report of its RBC level to the state insurance department or insurance commissioner, as appropriate, at the end of each calendar year. Our regulated subsidiaries' respective RBC levels as of December 31, 2022, which was the most recent date for which reporting was required, were in excess of all applicable mandatory RBC requirements. In addition to exceeding these RBC requirements, we are in compliance with the liquidity and capital requirements for a licensee of the BCBSA and with the tangible net worth requirements applicable to certain of our California subsidiaries. For additional information, see Note 22, "Statutory Information," in our audited consolidated financial statements as of and for the year ended December 31, 2022 included in our 2022 Annual Report on Form 10-K.

***Future Sources and Uses of Liquidity***

We believe that cash on hand, future operating cash receipts, investments and funds available under our commercial paper program, our 5-Year Facility and our Subsidiary Credit Facilities and borrowings available from the FHLBs will be adequate to fund our expected cash disbursements over the next twelve months.

There have been no material changes to our long-term liquidity requirements as disclosed in our 2022 Annual Report on Form 10-K. For additional updates regarding our estimated long-term liquidity requirements, see Note 5, "Derivative Financial Instruments," Note 9, "Debt," and the "*Other Contingencies*" and "*Contractual Obligations and Commitments*" sections of Note 10 "Commitments and Contingencies," of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q. We believe that funds from future operating cash flows, cash and investments and funds available under our 5-Year Facility and/or from public or private financing sources will be sufficient for future operations and commitments, and for capital acquisitions and other strategic transactions.

**FORWARD-LOOKING STATEMENTS**

*This document contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements reflect our views about future events and financial performance and are generally not historical facts. Words such as "expect," "feel," "believe," "will," "may," "should," "anticipate," "intend," "estimate," "project," "forecast," "plan" and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to: financial projections and estimates and their underlying assumptions; statements regarding plans, objectives and expectations with respect to future operations, products and services; and statements regarding future performance. Such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking statements. You are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. You are also urged to carefully review and consider the various risks and other disclosures discussed in our reports filed with the U.S. Securities and Exchange Commission from time to time, which attempt to advise interested parties of the factors that affect our business. Except to the extent required by law, we do not update or revise any forward-looking statements to reflect events or circumstances occurring after the date hereof. These risks and uncertainties include, but are not limited to: trends in healthcare costs and utilization rates; reduced enrollment; our ability to secure and implement sufficient premium rates; the impact of large scale medical emergencies, such as public health epidemics and pandemics, including COVID-19, and other catastrophes; the impact of new or changes in existing federal, state and international laws or regulations, including healthcare laws and regulations, or their enforcement or application; the impact of cyber-attacks or other privacy or data security incidents or breaches or our failure to comply with any privacy or security laws or regulations, including any investigations, claims or litigation related thereto; information technology disruptions; changes in economic and market conditions, as well as regulations that may negatively affect our liquidity and investment portfolios; competitive pressures and our ability to adapt to changes in the industry and develop and implement strategic growth opportunities; risks and uncertainties regarding Medicare and Medicaid programs, including those related to non-compliance with the complex regulations imposed thereon; our ability to maintain and achieve improvement in Centers for Medicare and Medicaid Services Star ratings and other quality scores and funding risks with respect to revenue received from participation therein; a negative change in our healthcare product mix; costs and other liabilities associated with litigation, government investigations, audits or reviews; our ability to contract with providers on cost-effective and competitive terms; failure to effectively maintain and modernize our information systems; risks associated with providing pharmacy, healthcare and other diversified products and services, including medical malpractice or professional liability claims and non-compliance by any party with the pharmacy services agreement between us and CaremarkPCS Health, L.L.C.; risks associated with mergers, acquisitions, joint ventures and strategic alliances; possible impairment of the value of our intangible assets if future results do not adequately support goodwill and other intangible assets; possible restrictions in the payment of dividends from our subsidiaries and increases in required minimum levels of capital; our ability to repurchase shares of our common stock and pay dividends on our common stock due to the adequacy of our cash flow and earnings and other considerations; the potential negative effect from our substantial amount of outstanding indebtedness and the risk that increased interest rates or market volatility could impact our access to or further increase the cost of financing; a downgrade in our financial strength ratings; the effects of any negative publicity related to the health benefits industry in general or us in particular; events that may negatively affect our licenses with the Blue Cross and Blue Shield Association; intense competition to attract and retain employees; risks associated with our international operations; and various laws and provisions in our governing documents that may prevent or discourage takeovers and business combinations.*

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For a discussion of our market risks, refer to Item 7A, "Quantitative and Qualitative Disclosures about Market Risk," included in our 2022 Annual Report on Form 10-K. There have been no material changes to any of these risks since December 31, 2022.

## ITEM 4. CONTROLS AND PROCEDURES

We carried out an evaluation as of March 31, 2023, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information relating to us (including our consolidated subsidiaries) required to be disclosed in our reports under the Exchange Act. In addition, based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures.

There have been no changes in our internal control over financial reporting that occurred during the three months ended March 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

# PART II. OTHER INFORMATION

## ITEM 1. LEGAL PROCEEDINGS

For information regarding legal proceedings at March 31, 2023, see the "*Litigation and Regulatory Proceedings,*" and "*Other Contingencies*" sections of Note 10, "Commitments and Contingencies" of the Notes to Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q, which information is incorporated herein by reference.

## ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in our 2022 Annual Report on Form 10-K.

## ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

### Issuer Purchases of Equity Securities

The following table presents information related to our repurchases of common stock for the periods indicated:

| Period | Total Number of Shares Purchased[1] | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Programs[2] | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Programs |
|---|---|---|---|---|
| *(in millions, except share and per share data)* | | | | |
| January 1, 2023 to January 31, 2023 | 533,655 | $ 482.68 | 533,058 | $ 6,619 |
| February 1, 2023 to February 28, 2023 | 294,308 | 486.70 | 293,889 | 6,476 |
| March 1, 2023 to March 31, 2023 | 684,708 | 465.46 | 477,624 | 6,254 |
| | 1,512,671 | | 1,304,571 | |

1 Total number of shares purchased includes 208,100 shares delivered to or withheld by us in connection with employee payroll tax withholding upon the exercise or vesting of stock awards. Stock grants to employees and directors and stock issued for stock option plans and stock purchase plans in the consolidated changes in equity are shown net of these shares purchased.

2 Represents the number of shares repurchased through the common stock repurchase program authorized by our Board of Directors, which the Board of Directors evaluates periodically. During the three months ended March 31, 2023, we repurchased 1,304,571 shares at a total cost of $622 under the program, including the cost of options to purchase shares. The Board of Directors has authorized our common stock repurchase program since 2003. The most recent authorized increase to the program was $5,000 on January 24, 2023 by our Audit Committee, pursuant to authorization granted by the Board of Directors. No duration has been placed on our common stock repurchase program, and we reserve the right to discontinue the program at any time.

## ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

## ITEM 4. MINE SAFETY DISCLOSURES

None.

## ITEM 5. OTHER INFORMATION

None.

## ITEM 6. EXHIBITS

| Exhibit Number | | Exhibit |
|---|---|---|
| 3.1 | | Amended and Restated Articles of Incorporation of the Company, as amended and restated effective June 27, 2022, incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on June 28, 2022. |
| 3.2 | | Bylaws of the Company, as amended effective June 28, 2022, incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on June 28, 2022. |
| 4.7 | | Upon the request of the U.S. Securities and Exchange Commission, the Company will furnish copies of any other instruments defining the rights of holders of long-term debt of the Company or its subsidiaries. |
| 10.2 * | (o) | Form of Incentive Compensation Plan Non Qualified Stock Option Award Agreement for 2023. |
| * | (p) | Form of Incentive Compensation Plan Restricted Stock Unit Award Agreement for 2023. |
| * | (q) | Form of Incentive Compensation Plan Performance Stock Unit Award Agreement for 2023. |
| 31.1 | | Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Exchange Act Rules, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 31.2 | | Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Exchange Act Rules, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. |
| 32.1 | | Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2 | | Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101 | | The following material from Elevance Health, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2023, formatted in Inline XBRL (Inline Extensible Business Reporting Language): (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Income; (iii) the Consolidated Statements of Comprehensive Income; (iv) the Consolidated Statements of Cash Flows; (v) the Consolidated Statements of Changes in Equity; and (vi) Notes to Consolidated Financial Statements. The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| 104 | | Cover Page Interactive Data File formatted in Inline XBRL and contained in Exhibit 101. |

* Indicates management contracts or compensatory plans or arrangements.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**ELEVANCE HEALTH, INC.**
Registrant

April 19, 2023 By: /S/ JOHN E. GALLINA

John E. Gallina
Executive Vice President and Chief Financial Officer
(Duly Authorized Officer and Principal Financial Officer)

April 19, 2023 By: /S/ RONALD W. PENCZEK

Ronald W. Penczek
Chief Accounting Officer and Controller
(Principal Accounting Officer)

## Schedule A

## Notice of Option Grant

**Participant:** [●]

**Company:** Elevance Health, Inc.

**Notice:** You have been granted the following nonqualified stock option to purchase shares of common stock of the Company in accordance with the terms of the Plan and the attached Nonqualified Stock Option Award Agreement.

**Plan:** 2017 Elevance Health Incentive Compensation Plan

**Grant:**

**Grant Date: [●]**
**Grant Number: $[●]**
**Option Price per Share: $[●]**
**Number of Shares under Option: $[●]**

**Exercisability:** Subject to the terms of the Plan and this Agreement, your Option will become exercisable on and after the dates indicated below as to the number of Shares set forth below opposite each such date, plus any Shares as to which your Option could have been exercised previously but was not so exercised.

| Shares | Date |
|---|---|
| [●] | [●] |
| [●] | [●] |
| [●] | [●] |

In the event that a Change of Control (as defined in the Plan) occurs before your Termination (as defined in the Plan), your Option will remain subject to the terms of this Agreement, unless the successor company does not assume your Option. If a successor company does not assume your Option, then your Option shall become fully exercisable immediately prior to the Change of Control.

**Expiration Date:** Your Option will expire ten years from the Grant Date, subject to earlier termination as set forth in the Plan and this Agreement.

**Acceptance:** In order to accept your Options, you must electronically accept this Agreement through the Company's broker at any time within ninety (90) days after the Grant Date. To effect your acceptance, please follow the instructions included with your grant materials. Acceptance of the Agreement includes acceptance of the terms and conditions of the Plan. If you do not timely and electronically accept this Agreement, this Agreement will be null and void at the end of the 90th day after the Grant Date and you will have no right or claim to the Options described above.

# Nonqualified Stock Option Award Agreement

This Nonqualified Stock Option Award Agreement (this "Agreement") dated as of the Grant Date (the "Grant Date") set forth in the Notice of Option Grant attached as Schedule A hereto (the "Grant Notice") is made between Elevance Health, Inc. (the "Company") and the Participant set forth in the Grant Notice. The Grant Notice is included in and made part of this Agreement. The Company and Participant expressly agree and acknowledge that Participant's entry into this Agreement is not a condition of Participant's employment with the Company, and that Participant is not required to enter into this Agreement or accept any Stock Option Award as a condition of Participant's employment with the Company or a Subsidiary or Affiliate. Capitalized terms not defined herein or in the Grant Notice are defined in the Plan.

1. Grant of the Option. Subject to the provisions of this Agreement and the provisions of the Plan, the Company hereby grants to Participant, pursuant to the Plan, the right and option (the "Option") to purchase all or any part of the number of shares of common stock of the Company ("Shares") as set forth in the Grant Notice at an Option Price ("Option Price") per share and on the other terms as set forth in the Grant Notice. This Option is intended to be a nonqualified stock option for federal income tax purposes.

2. Method of Exercise of the Option.

(a) Participant may exercise the Option, to the extent then exercisable, by delivering a notice to the Company's captive broker in a form specified or accepted by the captive broker, specifying the number of Shares with respect to which the Option is being exercised.

(b) At the time Participant exercises the Option, Participant shall pay the Option Price of the Shares as to which the Option is being exercised and applicable taxes (i) in United States dollars by personal check, bank draft or money order; (ii) subject to such terms, conditions and limitations as the Compensation and Talent Committee of the Board of Directors of the Company ("Committee") may prescribe, by tendering (either by actual delivery or attestation) unencumbered Shares previously acquired by Participant having an aggregate Fair Market Value at the time of exercise equal to the total Option Price of the Shares for which the Option is so exercised; (iii) subject to such terms, conditions and limitations as the Committee may prescribe, a cashless (broker-assisted) exercise that complies with all applicable laws; or (iv) by a combination of the consideration provided for in the foregoing clauses (i), (ii) and (iii).

3. Termination. The Option shall terminate upon Participant's Termination for any reason and no Shares may thereafter be purchased under the Option except as provided below. Notwithstanding anything contained in this Agreement, (i) a Participant who is in a position of Vice President or above must give at least 30 days advance written notice of his Termination due to resignation (including Retirement) in order for the Participant to exercise the Option for any period that may apply below and (ii) in no event shall the Option be exercisable after the Expiration Date. If less than 30 days advance written notice is given, the Option shall be immediately canceled, including the portion of the Option that is otherwise exercisable.

(a) *Retirement.* If Participant's Termination is due to Retirement (for purposes of this Agreement, defined as Participant's Termination after attaining age fifty-five (55) with at least ten (10) completed years of service or after attaining age sixty-five (65)), the Option shall continue to become exercisable according to the schedule set forth in the Grant Notice; *provided* that the Option shall terminate on the five-year anniversary of the date of Participant's Retirement but not later than the Expiration Date set forth in the Grant Notice; *provided, further,* that if Participant's Termination is due to Retirement during the calendar year of the Grant Date, the Option shall be immediately terminated on a pro-rata basis, measured by the number of completed full months in that calendar year during which Participant was employed by the Company or an Affiliate (e.g., if Participant's Retirement occurs in September, 33.3% (or 4/12) of the Option shall be immediately terminated), and the non-terminated portion of the Option shall continue to become exercisable according to the schedule set forth in the Grant Notice.[1]

[1] This retirement provision is deleted in non-annual retention grants.

(b) *Death and Disability.* If Participant's Termination is due to Participant's death or Disability (for purposes of this Agreement, as defined in the applicable Elevance Health Long-Term Disability Plan), the Option shall immediately become fully exercisable and shall terminate on the five-year anniversary of the date of such Termination but not later than the Expiration Date set forth in the Grant Notice.

(c) *Termination without Cause or for Good Reason.* Unless Sections 3(a) or 3(e) are applicable, if Participant's Termination is by the Company or an Affiliate without Cause (for purposes of this Agreement, defined as a violation of "conduct" as such term is defined in the Elevance Health HR Corrective Action Policy and if Participant participates in the Elevance Health Executive Agreement Plan (the "Agreement Plan"), the Key Associate Agreement or the Key Sales Associate Agreement also as defined in that plan or agreement) or voluntarily by Participant, the following shall apply:

(i) Unless clause (ii) applies, the Option, to the extent fully exercisable as of the date of such Termination, shall thereafter be exercisable only for a period of ninety (90) days from the date of such Termination, but not later than the Expiration Date set forth in the Grant Notice.

(ii) If Participant is receiving severance under the Agreement Plan, the Elevance Health Supplemental Unemployment Benefit Plan, the Elevance Health Excess Termination Benefit Plan, the Elevance Health Voluntary Severance Plan, the Key Associate Agreement, or the Key Sales Associate Agreement, and any portion of the Option remains unexercisable as of Participant's Termination, the Option shall continue to become exercisable through the earlier of (A) the last day of the period for which Participant is receiving such severance or (B) the last day of the schedule set forth in the Grant Notice. The Option shall be exercisable for a period of ninety (90) days from the date the severance period ends, but not later than the Expiration Date set forth in the Grant Notice.

(d) *Cause.* If Participant's Termination is for Cause, even if on the date of such Termination Participant has met the definition of Retirement or Disability, then the portion of the Option that has not been exercised shall immediately terminate.

(e) *Termination after Change of Control.* Notwithstanding any other provision of this Agreement, including Section 3(c), if after a Change of Control Participant's Termination is (i) by the Company or an Affiliate without Cause or (ii) if Participant participates in the Executive Agreement Plan, by Participant for Good Reason (as defined in the Executive Agreement Plan), the Option shall immediately become fully exercisable and shall terminate on the five-year anniversary of the date of such Termination but not later than the Expiration Date set forth in the Grant Notice.

4. Transferability of the Option. The Option shall not be transferable or assignable by Participant except as provided in this Section 4 and the Option shall be exercisable, during Participant's lifetime, only by him/her or, during periods of legal disability, by his/her guardian or other legal representative. No Option shall be subject to execution, attachment, or similar process. Participant shall have the right to appoint any individual or legal entity in writing, in accordance with procedures established by the Company's broker, to receive any Option (to the extent not previously terminated or forfeited) under this Agreement upon Participant's death, to the extent permitted by law. The effectiveness of any such designation, and any revocation or replacement thereof, shall be determined in accordance with procedures established by the Company's broker. If Participant dies without such designation, the Option will become part of Participant's estate.

5. Taxes and Withholdings. At the time of receipt of Shares upon the exercise of all or any part of the Option, Participant shall pay to the Company in cash (or make other arrangements, in accordance with Article XVIII of the Plan, for the satisfaction of) any taxes of any kind required by law to be withheld with respect to such Shares; *provided*, *however*, that pursuant to any procedures, and subject to any limitations as the Committee may prescribe and subject to applicable law, Participant may elect to satisfy, in whole or in part, such withholding obligations by (a) withholding Shares otherwise deliverable to Participant pursuant to the Option (*provided, however,* that the amount of any Shares so withheld shall not exceed the amount necessary to satisfy required Federal, state, local and non-United States withholding obligations using the minimum statutory withholding rates

for Federal, state, local and/or non-U.S. tax purposes, including payroll taxes, that are applicable to supplemental taxable income) and/or (b) tendering to the Company Shares owned by Participant (or Participant and Participant's spouse jointly) based, in each case, on the Fair Market Value of the Shares on the payment date as determined by the Committee. Any such election made by Participant must be irrevocable, made in writing, signed by Participant, and shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate. Please refer to the Plan's prospectus for tax considerations by jurisdiction.

6. No Rights as a Shareholder. Neither Participant nor any other person shall become the beneficial owner of the Shares subject to the Option, nor have any rights to dividends or other rights as a shareholder with respect to any such Shares, until Participant has actually received such Shares following the exercise of the Option in accordance with the terms of the Plan and this Agreement.

7. Restrictive Covenants. For purposes of Sections 7, 8, and 9 of this Agreement, Company shall mean Elevance Health, Inc. and its Subsidiaries and Affiliates. Participant acknowledges that Participant has the right to consult with counsel at Participant's sole expense. As a condition to receipt of the Stock Option Grant made under this Agreement, which Participant and the Company agree is fair and reasonable consideration, Participant agrees as follows, subject to any applicable provisions of Appendix A:

(a) *Confidentiality.*

(i) Participant recognizes that the Company derives substantial economic value from information created and used in its business which is not generally known by the public, including, but not limited to, plans, designs, concepts, computer programs, formulae, and equations; product fulfillment and supplier information; customer and supplier lists, and confidential business practices of the Company, Affiliates, and any of its customers, vendors, business partners or suppliers; profit margins and the prices and discounts the Company obtains or has obtained or at which it sells or has sold or plans to sell its products or services (except for public pricing lists); manufacturing, assembling, labor and sales plans and costs; business and marketing plans, ideas, or strategies; confidential financial performance and projections; employee compensation; employee staffing and recruiting plans and employee personal information; and other confidential concepts and ideas related to the Company's business (collectively, "Confidential Information"). Participant expressly acknowledges and agrees that by virtue of his/her employment with the Company, Participant will have access to and will use in the course of Participant's duties certain Confidential Information and that Confidential Information constitutes trade secrets and confidential and proprietary business information of the Company, all of which is the exclusive property of the Company. For purposes of this Agreement, Confidential Information includes, but is not limited to, information that constitutes a trade secret under applicable state or federal law. Confidential Information does not include information that Participant establishes by clear and convincing evidence is or may become known to Participant or to the public from sources outside the Company and through means other than a breach of this Agreement.

(ii) Participant agrees that Participant will not for himself or herself or for any other person or entity, directly or indirectly, without the prior written consent of the Company, while employed by the Company and thereafter: (A) use Confidential Information for the benefit of any person or entity other than the Company or its affiliates; (B) remove, copy, duplicate or otherwise reproduce any document or tangible item embodying or pertaining to any of the Confidential Information, except as required to perform Participant's duties for the Company or its affiliates; or (C) while employed and thereafter, publish, release, disclose or deliver or otherwise make available to any third party any Confidential Information by any communication, including oral, documentary, electronic or magnetic information transmittal device or media. Upon Termination, Participant shall return all Confidential Information and all other property of the Company. This obligation of non-disclosure and non-use of information shall continue to exist for so long as such information remains Confidential Information.

(b) *Non-Competition.* During any period in which Participant is employed by the Company, and during a period of time after Participant's Termination (the "Restriction Period") which, unless otherwise limited by applicable state law, is (i) twenty-four (24) months for Executive Vice Presidents and the President & Chief Executive Officer, and (ii) the greater of the period of severance or twelve (12) months for all other Participants, Participant will not, without prior written consent of the Company, directly or through the direction or control of others, obtain a Competitive Position or perform a Restricted Activity in the Restricted Territory for a Competitor, as those terms are defined herein.

(i) Competitive Position means any employment or performance of services with a Competitor (A) the same as or similar to the services that Participant performed for the Company in the last twenty-four (24) months of Participant's employment with Company (the "Look Back Period"), or (B) in the performance of which Participant will likely use any Confidential Information of the Company.

(ii) Restricted Territory means any geographic area in which the Company does business and which Participant provided services in, had responsibility for, had a material presence or influence in, or had access to Confidential Information about, such business, within the Look Back Period.

(iii) Restricted Activity means any activity for which Participant had responsibility for the Company or about which Participant had Confidential Information within the Look Back Period.

(iv) Competitor means any entity or individual (other than the Company) engaged in any one or more of the following: management of network-based managed care plans and programs; administration of managed care services; provision of health insurance, long-term care insurance, dental, life, or disability insurance; administration of flexible spending accounts, COBRA continuation coverage, coordination of benefits, or subrogation services; or the provision, delivery, or administration of health benefit plans or health care services such as pharmacy benefits management (including Specialty pharmacy), value-based care delivery, behavioral health, palliative care, care for chronic and complex conditions, digital healthcare platforms, medical benefits management solutions, or health care research (including health economics and outcomes); or any other aspects of the business or products or services offered by the Company, as to which Participant had responsibilities or received Confidential Information about, during the Look Back Period.

(v) The restrictions contained in this subsection (b) shall not apply to attorneys who accept a Competitive Position that consists of practicing law.

(vi) If Participant receives an offer of a Competitive Position with a Competitor, as those terms are defined above, Participant shall notify the Company's Chief Human Resources Officer, via the contact information provided in the Summary, within five business days of receiving the offer and such notification shall include a detailed description of the job responsibilities and the identity of the Competitor. The description must be specific enough for the Company to determine whether Participant's new opportunity constitutes a violation of the Agreement.

(c) *Non-Solicitation of Customers.* During any period in which Participant is employed by the Company, and during the Restriction Period after Participant's Termination, Participant will not, either individually or as an employee, partner, consultant, independent contractor, owner, agent, or in any other capacity, directly or through the direction or control of others, for a Competitor of the Company as defined in subsection (b) above:

(i) Solicit business from any client, account, or medical care provider of the Company that Participant had contact with, participated in contact with, had or shared responsibility for, or had access to Confidential Information about, during the Look Back Period; or

(ii) solicit business from any client, account, or medical care provider that the Company pursued, and Participant had contact with, responsibility for, or knowledge of Confidential Information about, by reason of Participant's employment with the Company, during the Look Back Period.

For purposes of this paragraph (c), an individual policyholder in a plan maintained by the Company or by a client or account of the Company under which individual policies are issued, or a certificate holder in such plan under which group policies are issued, shall not be considered a client or account subject to this restriction solely by reason of being such a policyholder or certificate holder.

(d) *Non-Solicitation of Employees.* During any period in which Participant is employed by the Company, and during the Restriction Period after Participant's Termination, Participant will not, either individually or as an employee, partner, independent contractor, owner, agent, or in any other capacity, directly or through the direction or control of others, solicit, hire, attempt to solicit or hire, or participate in any

attempt to solicit or hire, for any non-Company entity, any individual who, on or during the six (6) months immediately preceding the dates of such solicitation or hire, is or was an officer or employee of the Company and:

(i) Whom Participant knows to have access to or possession of Confidential Information that would give an unfair advantage to a Competitor;

(ii) Who, on or at any time during the six (6) months immediately preceding the date of such solicitation or hire, held the position of Director or above with the Company;

(iii) To whom Participant reported, or who reported to Participant, on or at any time during the six (6) months immediately preceding the dates of such solicitation or hire; or

(iv) Whom Participant was involved in recruiting while Participant was employed by the Company.

(e) *Non-Disparagement.* Subject to the limitations in Section 7(f) below, Participant agrees that he/she will not, nor will he/she cause or assist any other person to, make any statement to a third party or take any action which is intended to or would reasonably have the effect of disparaging or harming the Company or the business reputation of the Company's directors, employees, officers, or managers, or make any verbal or written statement to any media outlet regarding the Company.

(f) *Agreement Limitations*. Nothing in this Agreement prohibits Participant from (i) disclosing Workplace Conduct or the existence of a settlement involving Workplace Conduct that concerns conduct that Participant reasonably believes under state, federal, or common law to be illegal harassment, illegal retaliation, a wage & hour violation, or sexual assault, or that is recognized as against a clear mandate of public policy; (ii) disclosing Workplace Conduct that Participant has reason to believe is otherwise unlawful; or (iii) reporting possible violations of law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of any federal, state, or local law or regulation. "Workplace Conduct" means conduct occurring in the workplace, at work-related events coordinated by or through the Company, or between Employees, or between the Company and any Employee, off the workplace premises. Participant does not need the prior authorization of the Company to make any such reports or disclosures and Participant is not required to notify the Company that Participant has made such reports or disclosures. Disclosures protected by this Section may include a disclosure of trade secret information provided that it must comply with the restrictions in the Defend Trade Secrets Act of 2016 (DTSA). The DTSA provides that no individual will be held criminally or civilly liable under Federal or State trade secret law for the disclosure of a trade secret that: (i) is made in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and made solely for the purpose of reporting or investigating a suspected violation of law; or, (ii) is made in a complaint or other document if such filing is under seal so that it is not made public. Also, an individual who pursues a lawsuit for retaliation by an employer for reporting a suspected violation of the law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except as permitted by court order. If Participant is covered by Section 7 of the National Labor Relations Act (NLRA) because Participant is not in a supervisor or management role, nothing in this Agreement shall prohibit Participant from using information Participant acquires regarding the wages, benefits, or other terms and conditions of employment at the Company for any purpose protected under the NLRA.

8. Return of Consideration.

(a) If at any time Participant breaches any provision of this Agreement, then:

(i) All unexercised stock options under any Designated Plan (defined below) whether or not otherwise vested shall cease to be exercisable and shall immediately terminate;

(ii) Participant shall forfeit any outstanding restricted stock, restricted stock unit, or other outstanding equity award made under any Designated Plan and not otherwise vested on the date of breach; and

(iii) Participant shall pay to the Company (A) for each share of common stock of the Company ("Common Share") acquired on exercise of an option under a Designated Plan within the 24 months prior to such breach, the excess of the fair market value of a Common Share on the date of exercise over the exercise price, and (B) for each share of restricted stock, restricted stock unit and/or performance stock unit that became vested under any Designated Plan within the 24 months prior to such breach, the fair market value (on the date of vesting) of a Common Share.

Any amount to be repaid pursuant to this Section 8 shall be held by Participant in constructive trust for the benefit of the Company and shall, upon written notice from the Company, within 10 days of such notice, be paid by Participant to the Company. Any amount described in clauses (i) and (ii) that Participant forfeits as a result of a breach of the provisions of Section 7 shall not reduce any money damages that would be payable to the Company as compensation for such breach and shall not reduce or alter the Company's ability to recover payment of severance based on Participant's breach of a restrictive covenant in any severance plan or arrangement between the Company and Participant.

(b) The amount to be repaid pursuant to this Section shall be determined on a gross basis, without reduction for any taxes incurred or withheld, as of the date of the realization event, and without regard to any subsequent change in the fair market value of a Common Share. The Company shall have the right to offset such amount against any amounts otherwise owed to Participant by the Company (whether as wages, vacation pay, or pursuant to any benefit plan or other compensatory arrangement other than any amount pursuant to any nonqualified deferred compensation plan under Section 409A of the Code).

(c) For purposes of this Section 8, a "Designated Plan" is each stock option, restricted stock, or other equity compensation or long-term incentive compensation plan under which Participant has received equity awards from the Company.

(d) The return of consideration under this Section 8 is meant to reimburse the Company for some of the harm caused by Participant's wrongful conduct; however, it is not a full measure of the damage caused by Participant's conduct and does not preclude the Company from seeking the recovery of any and all damages caused by Participant and injunctive relief.

9. Equitable Relief, Remedies, Reformation, Assignment, Jury Trial Waiver, and Miscellaneous

(a) Participant acknowledges that each provision of Sections 7 and 8 of this Agreement is reasonable and necessary to preserve the legitimate business interests of the Company, its present and potential business activities and the economic benefits derived therefrom; that they will not prevent him or her from earning a livelihood in Participant's chosen business and are not an undue restraint on the trade of Participant, or any of the public interests which may be involved.

(b) Participant agrees that beyond the amounts otherwise to be provided under Section 8 this Agreement, the Company will be damaged by a violation of the terms of this Agreement and the amount of such damage may be difficult to measure. Participant agrees that if Participant commits or threatens to commit a breach of any of the covenants and agreements contained in Section 7 then, to the extent permitted by applicable law, the Company shall have the right to seek and obtain all appropriate injunctive and other equitable remedies, without posting bond therefor, except as required by law, in addition to any other rights and remedies that may be available at law or under this Agreement, it being acknowledged and agreed that any such breach would cause irreparable injury to the Company and that money damages would not provide an adequate remedy. Tolling: Further, if Participant violates Section 7 hereof Participant agrees that the period of violation shall be added to the period in which Participant's activities are restricted.

(c) The parties agree that the covenants contained herein are severable. If an arbitrator or court shall hold that the duration, scope, area, or activity restrictions stated herein are unreasonable under circumstances then existing, or under applicable state law, the arbitrator or court shall reform or modify the restrictions or enforce the restrictions to such lesser extent as is allowed by law.

(d) EACH PARTY, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY AS TO ANY ISSUE RELATING HERETO IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

(e) In the event of a breach of this Agreement, the prevailing party shall be entitled to the recovery of its reasonable attorneys' fees and expenses (including not only costs of court, but also expert fees, travel expenses, and other expenses incurred), and any other legal or equitable relief allowed by law.

(f) Nothing in this Agreement limits or reduces any common law or statutory duty Participant owes to the Company, nor does this Agreement limit or eliminate any remedies available to the Company for a violation of such duties. This Agreement will survive the expiration or termination of Participant's employment with the Company and/or any assignee pursuant to Section 9(g) and shall, likewise, continue to apply and be valid notwithstanding any change in Participant's duties, responsibilities, position, or title. Nothing in this Agreement creates a contract for term employment or limits either party's right to end the employment relationship between them.

(g) This Agreement, including the restrictions on Participant's activities set forth herein, also applies to any parent, subsidiary, affiliate, successor and assign of the Company to which Participant provides services or about which Participant receives Confidential Information. The Company shall have the right to assign this Agreement at its sole election without the need for further notice to or consent by Participant.

(h) This instrument and the Plan contain the entire agreement between the Parties with respect to the subject matter hereof (the grant of the RSUs contemplated by this Agreement). All representations, promises, and prior or contemporaneous understandings regarding this RSU grant are merged into, and expressed in this instrument. If Participant is subject to a prior agreement with the Company containing confidentiality, nonsolicitation, noncompetition and/or invention assignment provisions, then such prior agreement(s) shall remain in place and survive and be read together with the restrictions in this Agreement to afford the Company the greatest protection allowed by law. By accepting this Agreement, Participant agrees that the applicable provisions of Appendix A shall apply to any and all outstanding equity awards previously granted by the Company to Participant. This Agreement shall not be amended, modified, or supplemented without the written agreement of the Parties at the time of such amendment, modification, or supplement and must be signed by an officer of the Company (unless such amendment, modification, or supplementation is by order of a court or arbitrator). The headings herein are for convenience only and shall not affect the terms of the Agreement.

10. Survival of Provisions. The obligations contained in this Agreement shall survive the Termination of Participant's employment with the Company and shall be fully enforceable thereafter.

11. Cooperation. Upon the receipt of reasonable notice from the Company (including from outside counsel to the Company), Participant agrees that while employed by the Company and for two years (or, if longer, for so long as any claim referred to in this Section remains pending) after Participant's Termination, Participant will respond and provide information with regard to matters in which Participant has knowledge as a result of Participant's employment with the Company, and will provide reasonable assistance to the Company, its Affiliates and their respective representatives in defense of any claims that may be made against the Company or any Affiliate, and will assist the Company and any Affiliate in the prosecution of any claims that may be made by the Company or any Affiliate, to the extent that such claims may relate to the period of Participant's employment with the Company (or any predecessor); provided, that with respect to periods after Participant's Termination, the Company shall reimburse Participant for any out-of-pocket expenses incurred in providing such assistance and if Participant is required to provide more than ten (10) hours of assistance per week after his/her Termination then the Company shall pay Participant a reasonable amount of money for his/her services at a rate agreed to between the

Company and Participant; and provided further that after Participant's Termination such assistance shall not unreasonably interfere with Participant's business or personal obligations. Participant agrees to promptly inform the Company if Participant becomes aware of any lawsuits involving such claims that may be filed or threatened against the Company or any Affiliate. Participant also agrees to promptly inform the Company (to the extent Participant is legally permitted to do so) if Participant is asked to assist in any investigation of the Company or any Affiliate (or their actions), regardless of whether a lawsuit or other proceeding has then been filed against the Company or any Affiliate with respect to such investigation and shall not do so unless legally required. Provided, however, that Participant is not required to inform the Company of any investigation by a governmental agency or entity resulting from the reporting of possible violations of federal securities law or regulation to any governmental agency or entity, and Participant may participate in such investigation, without informing the Company.

12. No Right to Continued Employment. Neither the Options nor any terms contained in this Agreement shall confer upon Participant any express or implied right to be retained in the employment or service of the Company or any Affiliate for any period, nor restrict in any way the right of the Company, which right is hereby expressly reserved, to terminate Participant's employment or service at any time for any reason, subject to applicable law. Participant acknowledges and agrees that any right to exercise the Option lapse is earned only by continuing as an Employee of the Company or an Affiliate or satisfaction of any other applicable terms and conditions contained in the Plan and this Agreement, and not through the act of being hired, being granted the Option, or acquiring Shares hereunder.

13. The Plan. This Agreement is subject to all the terms, provisions, and conditions of the Plan, which are incorporated herein by reference, and to such regulations as may from time to time be adopted by the Committee. Unless defined herein, capitalized terms are as defined in the Plan. In the event of any conflict between the provisions of the Plan and this Agreement, the provisions of the Plan shall control, and this Agreement shall be deemed to be modified accordingly. The Plan and the prospectus describing the Plan can be found on the Company's HR intranet. A paper copy of the Plan and the prospectus shall be provided to Participant upon Participant's written request to the Company at Elevance Health, Inc., 220 Virginia Avenue, Indianapolis, Indiana 46204, Attention: Corporate Secretary, Shareholder Services Department.

14. Compliance with Laws and Regulations.

(a) The Option and the obligation of the Company to sell and deliver Shares hereunder shall be subject in all respects to (i) all applicable Federal and state laws, rules, and regulations and (ii) any registration, qualification, approvals, or other requirements imposed by any government or regulatory agency or body which the Committee shall, in its discretion, determine to be necessary or applicable. Moreover, the Option may not be exercised if its exercise, or the receipt of Shares pursuant thereto, would be contrary to applicable law. If at any time the Company determines, in its discretion, that the listing, registration or qualification of Shares upon any national securities exchange or under any state or Federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable, the Company shall not be required to deliver any certificates for Shares to Participant or any other person pursuant to this Agreement unless and until such listing, registration, qualification, consent or approval has been effected or obtained, or otherwise provided for, free of any conditions not acceptable to the Company.

(b) The Shares received upon the exercise of the Option shall have been registered under the Securities Act of 1933 ("Securities Act"). If Participant is an "affiliate" of the Company, as that term is defined in Rule 144 under the Securities Act ("Rule 144"), Participant may not sell the Shares received except in compliance with Rule 144. Certificates representing Shares issued to an "affiliate" of the Company may bear a legend setting forth such restrictions on the disposition or transfer of the Shares as the Company deems appropriate to comply with Federal and state securities laws.

(c) If at the time of exercise of all or part of the Option, the Shares are not registered under the Securities Act, and/or there is no current prospectus in effect under the Securities Act with respect to the Shares, Participant shall execute, prior to the delivery of any Shares to Participant by the Company pursuant to this Agreement, an agreement (in such form as the Company may specify) in which Participant represents and warrants that Participant is purchasing or acquiring the shares acquired under this Agreement for Participant's own account,

for investment only and not with a view to the resale or distribution thereof, and represents and agrees that any subsequent offer for sale or distribution of any kind of such Shares shall be made only pursuant to either (i) a registration statement on an appropriate form under the Securities Act, which registration statement has become effective and is current with regard to the Shares being offered or sold, or (ii) a specific exemption from the registration requirements of the Securities Act, but in claiming such exemption Participant shall, prior to any offer for sale of such Shares, obtain a prior favorable written opinion, in form and substance satisfactory to the Company, from counsel for or approved by the Company, as to the applicability of such exemption thereto.

15. Notices. All notices by Participant or Participant's assignees shall be addressed to Elevance Health, Inc., 220 Virginia Avenue, Indianapolis, Indiana 46204, Attention: Stock Administration, or such other address as the Company may from time to time specify. All notices to Participant shall be addressed to Participant at Participant's address in the Company's records.

16. Other Plans. Participant acknowledges that any income derived from the exercise of the Option shall not affect Participant's participation in, or benefits under, any other benefit plan or other contract or arrangement maintained by the Company or any Affiliate.

17. Recoupment Policy for Incentive Compensation. The Company's Recoupment Policy for Incentive Compensation, as may be amended from time to time, shall apply to the Option, any Shares acquired upon exercise of the Option and any profits realized from the sale of such Shares to the extent that Participant is covered by such policy. If Participant is covered by such policy, the policy may apply to recoup the Option, any Shares acquired upon exercise of the Option or profits realized from the sale of Shares previously covered by the Option either before, on or after the date on which Participant becomes subject to such policy.

ELEVANCE HEALTH, INC.

By: _____
Printed:
Its: Chair, Compensation and Talent Committee of the Board of Directors

**APPENDIX A**

Alabama:
If Alabama law is deemed to apply, then the following applies to Participant: (a) Section 7(d) is rewritten as follows: "While employed and for a period of twelve (12) months from Termination, Participant will not participate in soliciting any Covered Employee of the Company who is in a Sensitive Position to leave the employment of the Company on behalf of (or for the benefit of) a Competitor nor will Participant knowingly assist a Competitor in efforts to hire a Covered Employee away from the Company. As used in this Section 7(d), a "Covered Employee" is an Employee with whom Participant worked, as to whom Participant had supervisory responsibilities, or regarding which Participant received Confidential Information during the Look Back Period. An Employee in a "Sensitive Position" refers to an Employee who is uniquely essential to the management, organization, or service of the business;" and (b) Section 7(c) is limited to prohibiting the solicitation of persons or entities who have a current business relationship with the Company.

Arizona:
If Arizona law is deemed to apply, then the following applies to Participant: (a) Participant's nondisclosure obligation in Section 7 shall extend for a period of three (3) years after Participant's Termination as to Confidential Information that does not qualify for protection as a trade secret. Trade secret information shall be protected from disclosure as long as the information at issue continues to qualify as a trade secret; and (b) the restrictions in Section 7(c) shall be limited to the Restricted Territory.

Arkansas, Connecticut, Montana, and South Carolina:
If Arkansas, Connecticut, Montana, or South Carolina law is deemed to apply, then the following applies to Participant: Participant's nondisclosure obligation in Section 7 shall extend for a period of three (3) years after Participant's Termination as to Confidential Information that does not qualify for protection as a trade secret. Trade secret information shall be protected from disclosure as long as the information at issue continues to qualify as a trade secret.

California:
If California law is deemed to apply, then the following applies to Participant: (a) the noncompetition restriction in Section 7(b) shall not apply; (b) the Employee non-solicitation restrictions in Section 7(d) shall not apply; and (c) Section 7(c) shall be limited to situations where Participant is aided in his or her conduct by the use or disclosure of the Company's trade secrets (as defined by applicable law).

Colorado:
If Colorado law is deemed to apply, then the following applies to Participant:

(a) Section 7(b) shall apply only if Participant earns Annualized Cash Compensation equivalent to or greater than the Threshold Amount for Highly Compensated Workers and to the extent that the conduct in violation of Section 7(b) is aided by Participant's use or disclosure of the Company's trade secrets.

(b) Section 7(c) shall apply only if Participant earns Annualized Cash Compensation equivalent to or greater than sixty percent (60%) of the Threshold Amount for Highly Compensated Workers and to the extent that the conduct in violation of Section 7(c) is aided by Participant's use or disclosure of the Company's trade secrets.

(c) Section 7(d) shall not apply.

(d) "Annualized Cash Compensation" means: (1) the amount of gross salary or wage amount, the fee amount, or other compensation amount for the full year, if the worker was employed or engaged for a full year; or (2) the compensation that the worker would have earned, based on the worker's gross salary or wage amount, fee, or other compensation if the worker was not employed or engaged for a full year. In determining whether a worker's cash compensation exceeds the threshold amount, where the worker has been employed for less than a calendar year, the worker's cash compensation exceeds the threshold amount if the worker would reasonably expect to earn more than the threshold amount during a calendar year of employment.

(e) "Threshold Amount for Highly Compensated Workers" means the greater of the threshold amount for highly compensated workers as determined by the Division of Labor Standards and Statistics in the Department of Labor and Employment, as of August 10, 2022 or the date Participant accepts this Agreement.

(f) Nothing contained in this Agreement shall be construed to prohibit Participant from disclosing information that: (1) arises from Participant's general training, knowledge, skill, or experience, whether gained on the job or otherwise; (2) is readily ascertainable to the public; or (3) a worker otherwise has a right to disclose as legally protected conduct.

(g) Participant acknowledges that Participant received notice of this Agreement (including, but not limited to, the provisions of Section 7: (1) before Participant accepted the Company's offer of employment (if Participant is a new hire); or (2) at least fourteen (14) days before the earlier of (I) Participant's acceptance of this Agreement, or (II) the effective date of any additional compensation or change in the terms or conditions of employment that provides consideration for the covenants in Section 7.

Illinois:
If Participant resides in Illinois and is subject to Illinois law, then:

(a) The provisions of Section 7(c) shall apply only if Participant's Earnings, as defined by the Illinois Freedom to Work Act, exceed $45,000 per year in 2022-2026, $47,500 per year in 2027-2031, $50,000 per year in 2032-2036, and $52,500 beginning on January 1, 2037;

(b) The provisions of Section 7(d) shall apply only if Participant's Earnings, as defined by the Illinois Freedom to Work Act, exceed $45,000 per year in 2022-2026, $47,500 per year in 2027-2031, $50,000 per year in 2032-2036, and $52,500 beginning on January 1, 2037;

(d) The provisions of Section 7(b) shall apply only if Participant's Earnings, as defined by the Illinois Freedom to Work Act, exceed $75,000 per year in 2022-2026, $80,000 per year in 2027-2031, $85,000 per year in 2032-2036, and $90,000 beginning on January 1, 2037;

(e) Section 7 shall not apply if Participant is terminated or furloughed or laid off as a result of business circumstances or governmental orders related to the COVID-19 pandemic or under circumstances that are similar to the COVID-19 pandemic, unless the Company informs Participant in writing that it will be intending to enforce the provisions of Section 7 and will be paying Participant compensation equivalent to Participant's base salary at the time of termination for the period of enforcement minus compensation earned through subsequent employment during the period of enforcement;

(f) The provisions of Section 7(b) shall not apply if Participant is covered by a collective bargaining agreement under the Illinois Public Relations Act;

(g) Participant's nondisclosure obligation in Section 7 shall extend for a period of three (3) years after Participant's Termination as to Confidential Information that does not qualify for protection as a trade secret. Trade secret information shall be protected from disclosure as long as the information at issue continues to qualify as a trade secret;

(h) Participant acknowledges that Participant has been advised to consult with an attorney about this Agreement and has been given an opportunity to do so; and

(i) If Participant is a new hire, Participant acknowledges that Participant has been provided a copy of this Agreement at least 14 calendar days before the commencement of employment. If Participant is an existing Employee, Participant acknowledges that Participant has been given at least 14 calendar days to review this Agreement.

Louisiana:
If Louisiana law is deemed to apply, then the following applies to Participant: (a) the "Restricted Territory" defined in Section 7 of the Agreement is understood to cover the following parishes in Louisiana and all counties outside Louisiana where Participant had responsibilities for the Company: Acadia, Allen, Ascension, Assumption, Avoyelles, Beauregard, Bienville, Bossier, Caddo, Calcasieu, Caldwell, Cameron, Catahoula, Claiborne, Concordia, DeSoto, East Baton Rouge, East Carroll, East Feliciana, Evangeline, Franklin, Grant, Iberia, Iberville, Jackson, Jefferson, Jefferson Davis, LaSalle, Lafayette, Lafourche, Lincoln, Livingston, Madison, Morehouse, Natchitoches, Orleans, Ouachita, Plaquemines, Pointe Coupee, Rapides, Red River, Richland, Sabine, St. Bernard, St. Charles, St.

Helena, St. James, St. John The Baptist, St. Landry, St. Martin, St. Mary, St. Tammany, Tangipahoa, Tensas, Terrebonne, Union, Vermilion, Vernon, Washington, Webster, West Baton Rouge, West Carroll, West Feliciana, Winn; and (b) the restrictions in Section 7(c) (as well as Section 7(b)) shall be limited to the foregoing parishes and counties.

Maine:
If Maine law is deemed to apply, then the following applies to Participant: (a) Participant acknowledges that if Participant is a new hire Participant received a copy of this Agreement prior to receiving a formal offer of employment from the Company and was given at least three business days to consider the Agreement before signing; (b) Section 7(b) will not take effect until one year of employment or a period of six months from the date the agreement is signed, whichever is later; and (c) Section 7(b) shall not apply if Participant earns at or below 400% of the federal poverty level.

Maryland:
If Maryland law is deemed to apply, then the following applies to Participant: Section 7(b) shall not apply if Participant earns equal to or less than $15/hour or $31,200 annually.

Massachusetts:
If Participant resides or works in Massachusetts for at least the thirty days preceding Participant's Termination, then the Company will notify Participant within ten (10) business days of Participant's Termination whether the Company decides to waive Section 7(b) or make these provisions enforceable by paying Participant garden leave as provided by the Massachusetts Noncompetition Agreement Act, G.L. c. 149, S. 24L. In addition, if Massachusetts law is deemed to apply, then the following applies to Participant:

(a) Section 7(b) will not apply if Participant's employment is terminated without "cause" or if Participant is terminated as part of a reduction in force. Participant further understands that for the limited purpose of the application of the non-competition clause in Section 7(b) of the Agreement, "cause" to terminate Participant's employment exists if Participant has (i) committed, admitted committing, or plead guilty to a felony or crime involving moral turpitude, fraud, theft, misappropriation, or dishonesty, (ii) violated a material term of this Agreement or Company policy, (iii) engaged in insubordination, or failed or refused to perform assigned duties of Participant's position despite reasonable opportunity to perform, (iv) failed to exercise reasonable care and diligence in the exercise of Participant's duties for the Company, or (iv) engaged in conduct or omissions that Participant knew, or should have known (with the exercise of reasonable care), would cause, or be likely to cause, harm to the Company or its reputation in the business community;

(b) Participant acknowledges that Participant has been advised to consult with an attorney about this Agreement and has been given an opportunity to do so;

(c) the Restricted Period applicable to Section 7(b) shall be limited to a period of one year following Participant's Termination (as well as while Participant is employed by the Company); however, if Participant breaches Section 7(b) of this Agreement, and also breaches Participant's fiduciary duty to the Company and/or has unlawfully taken, physically or electronically, any Company records, then the Restricted Period shall be extended to a period of two (2) years from Termination;

(d) Participant acknowledges that (i) if Participant is being initially hired by the Company, that Participant received a copy of this Agreement prior to receiving a formal offer of employment from the Company or at least ten (10) business days before commencement of Participant's employment by the Company, whichever came first; or (ii) if Participant was already employed by the Company at the time of signing this Agreement, that Participant was provided a copy hereof at least ten (10) business days before the effective date of this Agreement;

(e) the tolling language Section 10(b) shall only apply to any breach of Section 7(c) and (d) (i.e., the tolling language shall not apply to Section 7(b)); and

(f) Section 7(b) shall not apply to Participant following Termination if Participant is: classified as non-exempt under the FLSA; 18 years or younger; or an undergraduate or graduate student in an internship or other short-term employment relationship while enrolled in college or graduate school.

Nebraska:
If Nebraska law is deemed to apply, then the following applies to Participant: (a) Section 7(c) is limited to the solicitation of persons or entitles with which Participant did business and had personal business-related contact during the Look Back Period; and (b) the noncompetition restrictions in Section 7(b) and (c) do not apply.

Nevada:
If Nevada law is deemed to apply, then the following applies to Participant: (a) Section 7 does not preclude Participant from providing services to any former client or customer of the Company if: (1) Participant did not solicit the former customer or client; (2) the customer or client voluntarily chose to leave and seek services from Participant; and (3) Participant is otherwise complying with the limitations in this Agreement as to time and scope of activity to be restrained; and (b) Section 7(b) does not apply if Participant is paid solely an hourly wage, exclusive of tips or gratuities.

New Hampshire:
If New Hampshire law is deemed to apply, then the following applies to Participant: (a) Section 7(b) does not apply if Participant earns an hourly rate less than or equal to 200 percent of the federal minimum wage; and (b) Participant acknowledges that Participant was given a copy of this Agreement prior to a change in job classification or the offer of employment.

New York:
If New York law is deemed to apply, then the following applies to Participant: Section 7(c) shall be modified to exclude those clients or customers who became a client or customer of the Company as a result of Participant's independent contact and business development efforts with the customer or client prior to and independent from his/her employment with the Company.

North Carolina:
If North Carolina law is deemed to apply, then the following applies to Participant: (a) the Look Back Period shall be calculated looking back twenty-four (24) months from the date of enforcement and not from the date Participant's employment ends; and (b) Participant's nondisclosure obligation in Section 7 shall extend for a period of three (3) years after Participant's Termination as to Confidential Information that does not qualify for protection as a trade secret. Trade secret information shall be protected from disclosure as long as the information at issue continues to qualify as a trade secret.

North Dakota:
If North Dakota law is deemed to apply, then the following applies to Participant: (a) the noncompetition restriction in Section 7(b) shall not apply; and (b) Section 7(c) shall be limited to situations where Participant is aided in his or her conduct by the use or disclosure of the Company's trade secrets (as defined by applicable law).

Oklahoma:
If Oklahoma law is deemed to apply, then the following applies to Participant: (i) Section 7(c) is limited to preclude only the direct solicitation of established customers of the Company for the purpose of doing any business that would compete with the Company's business; and (ii) the noncompetition restrictions in Section 7(b) shall not apply.

Oregon:
If Oregon law is deemed to apply, then the following applies to Participant: the restrictions in Section 7(b) shall apply only if Participant: (a) is engaged in administrative, executive or professional work and performs predominantly intellectual, managerial, or creative tasks, exercises discretion and independent judgment and earns a salary or is otherwise exempt from Oregon's minimum wage and overtime laws; (b) the Company has a "protectable interest" (meaning, access to trade secrets or competitively sensitive confidential business or professional information); and (c) the total amount of Participant's annual gross salary and commission, calculated on an annual basis, at the time of Participant's Termination, exceeds $100,533 adjusted annually for inflation pursuant to the Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics of the United States Department of Labor immediately preceding the calendar year of Participant's

Termination. However, if Participant does not meet requirements of either (a) or (c) (or both), the Company may, on a case-by-case basis, decide to make Section 7(b) enforceable as to Participant (as allowed by Oregon law), by agreeing in writing to pay Participant, during the period of time Participant is restrained from competing, the greater of: (i) compensation equal to at least 50 percent of Participant's annual gross base salary and commissions at the time of Termination; or (ii) fifty percent of $100,533 adjusted annually for inflation pursuant to the Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics of the United States Department of Labor immediately preceding the calendar year of Participant's Termination. In addition, if Participant is a new hire, Participant acknowledges that Participant was notified in a written offer of employment received at least two weeks before the commencement of employment that a noncompetition agreement was a condition of employment. If Participant is an existing Employee, Participant acknowledges that this Agreement was entered into upon a subsequent bona fide advancement of Participant by the Company; namely the Company is conferring upon Participant equity awards that, if accepted by Participant, will supplement Participant's compensation.

Puerto Rico:
If Puerto Rico law is deemed to apply, then the following applies to Participant: (a) the Restricted Period and the Look Back Period in Section 7 shall be, in each case, only a period of twelve (12) months; (b) the Restricted Territory shall be limited to the territory of Puerto Rico; (c) the customer restriction in Section 7(c) shall be limited to clients, accounts, and medical care providers that were personally serviced by Participant during the Look Back Period and had an active business relationship with the Company within the last thirty (30) days prior to Participant's Termination; and (d) the tolling provision in Section 10(b) shall not apply.

Rhode Island:
If Rhode Island law is deemed to apply, then Section 7(b) shall not apply to Participant following Termination if Participant is: classified as non-exempt under the FLSA; an undergraduate or graduate student in an internship or short-term employment relationship; 18 years of age or younger; or a low wage Participant (defined as earning less than 250% of the federal poverty level).

Utah:
If Utah law is deemed to apply, then the following applies to Participant: (a) the Restricted Period applicable to Section 7(b) shall be limited to a period of one year following Termination (as well as while Participant is employed by the Company).

Virginia:
If Virginia law is deemed to apply, then the following applies to Participant: (a) Section 7(b)-(d) shall not apply if Participant is a "low wage Participant." A "low wage Participant" refers to a Participant whose average weekly earnings (calculated by dividing Participant's earnings during the period of 52 weeks immediately preceding Termination by 52, or if Participant worked fewer than 52 weeks, by the number of weeks that Participant was actually paid during the 52-week period) are less than the average weekly wage of the Commonwealth of Virginia as determined pursuant to subsection B of Virginia Code § 65.2-500. "Low-wage Participant" includes interns, students, apprentices, or trainees employed, with or without pay, at a trade or occupation in order to gain work or educational experience. "Low-wage Participant" also includes an individual who has independently contracted with another person to perform services independent of an employment relationship and who is compensated for such services by such person at an hourly rate that is less than the median hourly wage for the Commonwealth of Virginia for all occupations as reported, for the preceding year, by the Bureau of Labor Statistics of the U.S. Department of Labor. However, "low-wage Participant" does not include any Participant whose earnings are derived, in whole or in predominant part, from sales commissions, incentives, or bonuses paid to Participant by the Company; (b) Section 7 does not preclude Participant from providing services to any client or customer of the Company if Participant did not initiate contact with or solicit the former customer or client; and (c) Participant's nondisclosure obligation in Section 7(a) shall extend for a period of three (3) years after Participant's Termination as to Confidential Information that does not qualify for protection as a trade secret. Trade secret information shall be protected from disclosure as long as the information at issue continues to qualify as a trade secret.

Washington (state):

If Participant resides in Washington at the time this Agreement is entered, Participant acknowledges that Participant was given ten (10) business days to consider this Agreement before accepting it.

In addition, if Washington law controls, then for so long as Washington law controls, the Agreement will be modified and applied as follows:

(a) Section 7(b) shall apply following Termination only if Participant's annualized earnings from the Company exceed $100,000.00 per year (adjusted annually in accordance with Section 5 of Washington HP 1450), and Section 7(b) shall apply during employment only if Participant earns at least twice the Washington minimum hourly wage (subject to the common law duty of loyalty and the Company's Code of Conduct);

(b) for purposes of the application of the non-competition provision in Section 7(b), Participant understands that the non-competition provision will not be enforced against Participant if Participant is terminated from employment without "cause" or if Participant is laid off, unless the Company pays Participant during the Restricted Period an amount equal to Participant's base salary at Termination less any compensation earned by Participant during the Restricted Period. Participant further understands that for the limited purpose of the application of the non-competition clause in Section 7(b) of the Agreement, "cause" to terminate Participant's employment exists if Participant has (i) committed, admitted committing, or plead guilty to a felony or crime involving moral turpitude, fraud, theft, misappropriation, or dishonesty, (ii) violated a material term of this Agreement or Company policy, (iii) engaged in insubordination, or failed or refused to perform assigned duties of my position despite reasonable opportunity to perform, (iv) failed to exercise reasonable care and diligence in the exercise of Participant's duties for the Company, or (iv) engaged in conduct or omissions that Participant knew, or should have known (with the exercise of reasonable care), would cause, or be likely to cause, harm to the Company or its reputation in the business community; and

(c) Participant further acknowledges that if Participant is a new Employee, Participant has had advance notice of the terms of this Agreement prior to accepting the Company's offer of employment.

Washington, D.C.

Participant acknowledges that Participant was given a copy of Washington, D.C., Council Bill 24-256 ("Bill 24-256") contemporaneously with accepting this Agreement.

If Participant is a "Covered Employee" as defined by Bill 24-256 and Participant is not a "Highly Compensated Employee," as defined by Bill 24-256, the following applies to Participant: (1) Section 7(b) shall not apply; (2) "Confidential Information" shall, in all instances, be limited to information owned or possessed by the Company which is not available to the general public and which the Company has taken reasonable steps to ensure is protected from improper disclosure; (3) Participant is precluded, during Participant's employment with the Company, from accepting money or a thing of value for performing work for a person other than the Company, where doing so can reasonably be concluded to result in (a) Participant's disclosure or use of Confidential Information or "Proprietary employer information," as defined by Bill 24-256; (b) a conflict with the Company's established rules regarding conflicts of interest, or (c) impairment of the Company's ability to comply with federal law, the law of the District of Columbia, or a contract or grant agreement.

If Participant is a "Covered Participant" as defined by Bill 24-256 and Participant is a "Highly Compensated Participant," as defined by Bill 24-256, the following applies to Participant: (1) Participant acknowledges that Participant was given a copy of this Agreement at least 14 days before Participant commenced employment for the Company (if Participant is a new hire) or Participant was given a copy of this Agreement at least 14 days before Participant was required to accept this Agreement (if Participant is an existing Employee); (2) "Confidential Information" shall, in all instances, be limited to information owned or possessed by the Company which is not available to the general public and which the Company has taken reasonable steps to ensure is protected from improper disclosure; (3) the Restricted Period for purposes of the non-competition provision in Section 7(b) shall be limited to a period of twelve (12) months following Termination (and while Participant is employed by the Company); and (4) Participant is notified that The District of Columbia Ban on Non-Compete Agreements

Amendment Act of 2020 limits the use of non-compete agreements. It allows employers to request non-compete agreements from "highly compensated employees" under certain conditions. The Company has determined that you are a highly compensated employee. For more information about the Ban on Non-Compete Agreements Amendment Act of 2020, contact the District of Columbia Department of Employment Services (DOES).

Wisconsin:
If Wisconsin law is deemed to apply, then the following applies to Participant: (a) Participant's nondisclosure obligation in Section 7 shall extend for a period of three (3) years after Participant's Termination as to Confidential Information that does not qualify for protection as a trade secret. Trade secret information shall be protected from disclosure as long as the information at issue continues to qualify as a trade secret; (b) the tolling provision in Section 10(b) shall not apply; and (c) Section 7(d) is rewritten as follows: "While employed and for a period of twelve (12) months following Termination, Participant will not participate in soliciting any "Covered Employee" of the Company that is in a "Sensitive Position" to leave the employment of the Company on behalf of (or for the benefit of) a Competitor; nor will Participant knowingly assist a Competitor in efforts to hire a Covered Employee away from the Company. As used in this Section 7(d), a "Covered Employee" is an Employee with whom Participant worked, as to whom Participant had supervisory responsibilities, or regarding whom Participant received Confidential Information during the Look Back Period. A Participant in a "Sensitive Position" refers to an Employee who is in a management, supervisory, sales, research and development, or similar role where the Employee is provided Confidential Information or is involved in business dealings with the Company's clients."

**Schedule A**
**Notice of Restricted Stock Unit Grant**

**Participant:** [●]

**Company:** Elevance Health, Inc.

**Notice:** You have been granted the following award of restricted stock units of common stock of the Company in accordance with the terms of the Plan and the attached Restricted Stock Unit Award Agreement.

**Plan:** 2017 Elevance Health Incentive Compensation Plan

**Grant:**
**Grant Date:** [●]
**Grant Number:** [●]
**Number of Restricted Stock Units:** [●]

**Period of Restriction:** The Period of Restriction applicable to the number of your Restricted Stock Units listed in the "Shares" column below, and any related Dividend Equivalents, shall commence on the Grant Date and shall lapse on the date listed in the "Lapse Date" column below.

| **Shares** | **Lapse Date** |
|---|---|
| [●] | [●] |
| [●] | [●] |
| [●] | [●] |

In the event that a Change of Control (as defined in the Plan) occurs before your Termination (as defined in the Plan), your Restricted Stock Unit Grant will remain subject to the terms of this Agreement, unless the successor company does not assume the Restricted Stock Unit Grant. If the successor company does not assume the Restricted Stock Unit Grant, then the Period of Restriction shall immediately lapse upon a Change of Control and the Shares covered by the award shall be delivered as soon as practicable following the Change of Control, provided that in the event that the Restricted Stock Unit Grant is deferred compensation within the meaning of Code Section 409A, such Shares shall only be delivered upon the Change of Control if such Change of Control is a "change in control event" within the meaning of Code Section 409A and the delivery is made in accordance with Treasury Regulation 1-409A-3(j)(ix).

**Acceptance:** In order to accept your Restricted Stock Units, you must electronically accept this Agreement through the Company's broker at any time within ninety (90) days after the Grant Date. To effect your acceptance, please follow the instructions included with your grant materials. Acceptance of the Agreement includes acceptance of the terms and conditions of the Plan. If you do not timely and electronically accept this Agreement, this Agreement will be null and void at the end of the 90th day after the Grant Date and you will have no right or claim to the Restricted Stock Units described above.

**Restricted Stock Unit Award Agreement**

This Restricted Stock Unit Award Agreement (this "Agreement") dated as of the Grant Date (the "Grant Date") set forth in the Notice of Restricted Stock Unit Grant attached as Schedule A hereto (the "Grant Notice") is made between Elevance Health, Inc. (the "Company") and the Participant set forth in the Grant Notice. The Grant Notice is included in and made part of this Agreement. The Company and Participant expressly agree and acknowledge that Participant's entry into this Agreement is not a condition of Participant's employment with the Company, and that Participant is not required to enter into this Agreement or accept Restricted Stock Units as a condition of Participant's employment with the Company or a Subsidiary or Affiliate. Capitalized terms not defined herein or in the Grant Notice are defined in the Plan.

1. Period of Restriction. The Period of Restriction with respect to the Restricted Stock Units shall be as set forth in the Grant Notice (the "Period of Restriction"). Participant acknowledges that prior to the expiration of the applicable portion of the Period of Restriction, the Restricted Stock Units may not be sold, transferred, pledged, assigned, encumbered, alienated, hypothecated, or otherwise disposed of (whether voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy)). Upon the expiration of the applicable portion of the Period of Restriction described in the attached Grant Notice, the restrictions set forth in this Agreement with respect to the Restricted Stock Units theretofore subject to such expired Period of Restriction shall lapse and the Shares covered by the related portion of the award shall be delivered as soon as practicable thereafter, except as may be provided in other sections of this Agreement.

2. Ownership. Upon expiration of the applicable portion of the Period of Restriction described in the attached Grant Notice, the Company shall transfer the Shares covered by the related portion of the award to Participant's account with the Company's captive broker.

3. Termination.

(a) *Retirement.* If Participant's Termination is due to Retirement (for purposes of this Agreement, defined as Participant's Termination after attaining age fifty-five (55) with at least ten (10) completed years of service or after attaining age sixty-five (65)), the restrictions upon the Restricted Stock Units shall continue to lapse throughout the Period of Restriction and the Shares covered by the related portion of the Restricted Stock Units shall continue to be delivered upon the applicable Lapse Date; *provided, however,* that if Participant's Termination due to Retirement is during the calendar year of the Grant Date, the Restricted Stock Units shall be forfeited on a pro-rata basis, measured by the number of completed full months in that calendar year during which Participant was employed by the Company or an Affiliate (*e.g.*, if Participant's Retirement occurs in September, 33.3% (or 4/12) of the Restricted Stock Units will be forfeited), and the Period of Restriction on the non-forfeited portion of the Restricted Stock Units shall continue to lapse throughout the Period of Restriction described in the attached Grant Notice and the Shares covered by the related portion of the Restricted Stock Units shall continue to be delivered upon the applicable Lapse Date.[1]

(b) *Death and Disability*. If Participant's Termination is due to death or Disability (for purposes of this Agreement, as defined in the applicable Elevance Health Long-Term Disability Plan), then the Period of Restriction shall immediately lapse, causing any restrictions which would otherwise remain on the Restricted Stock Units to immediately lapse, and the Shares covered by the Restricted Stock Units shall be delivered as soon as practicable thereafter.

(c) *Without Cause or for Good Reason.* Unless 3(a) is applicable, if Participant's Termination is by the Company or an Affiliate without Cause (for purposes of this Agreement, defined as a violation of "conduct" as such term is defined in the Elevance Health HR Corrective Action Policy and if Participant participates in the Elevance Health Executive Agreement Plan (the "Agreement Plan"), the Key Associate Agreement or the Key Sales Associate Agreement also as defined in that plan or agreement) and Participant is

[1] This retirement provision is deleted in non-annual retention grants.

receiving severance under the Agreement Plan, the Elevance Health Supplemental Unemployment Benefit Plan, the Elevance Health Excess Termination Benefit Plan, the Elevance Health Voluntary Severance Plan, the Key Associate Agreement or the Key Sales Associate Agreement and any portion of the Period of Restriction has not lapsed as of Participant's Termination, the Period of Restriction shall continue to lapse through the earlier of (A) the last day of the period for which Participant is receiving such severance or (B) the last Lapse Date in the schedule set forth in the Grant Notice. The foregoing shall also apply to a Participant who participates in the Agreement Plan and receives severance under the Agreement Plan for a termination by Participant for Good Reason (as defined in the Agreement Plan).

(d) *Other Terminations*. If Participant's Termination is (i) by the Company or an Affiliate for Cause even if on the date of such Termination Participant has met the definition of Retirement or Disability or (ii) by Participant for any reason other than death, Disability, Retirement, or Good Reason as described in Section 3(c), then all Restricted Stock Units for which the Period of Restriction had not lapsed prior to the date of such Termination shall be immediately forfeited.

(e) *Termination after Change of Control.* Notwithstanding any other provision of this Agreement, including Section 3(c), if after a Change of Control Participant's Termination is (i) by the Company or an Affiliate without Cause (for purposes of this Agreement, defined as a violation of "conduct" as such term is defined in the Elevance Health HR Corrective Action Policy and if Participant participates in the Agreement Plan, the Key Associate Agreement or the Key Sales Associate Agreement also as defined in that plan or agreement) or (ii) if Participant participates in the Agreement Plan, by Participant for Good Reason (as defined in the Agreement Plan), then the Period of Restriction on all Restricted Stock Units shall immediately lapse, causing any restrictions which would otherwise remain on the Restricted Stock Units to immediately lapse and the Shares covered by the Restricted Stock Units shall be delivered as soon as practicable thereafter. Notwithstanding any provision of this Agreement to the contrary, in the event that the restrictions on any Restricted Stock Units lapse under any provision of this Section 3 by reason of any Termination and such Termination occurs within the two year period following a Change of Control that is a "change in control event" within the meaning of Code Section 409A, the Shares subject to Participant's Restricted Stock Units shall be delivered to Participant upon such Termination.

4. Transferability of the Restricted Stock Units. Participant shall have the right to appoint any individual or legal entity in writing, in accordance with procedures established by the Company's broker, to receive any Restricted Stock Units (to the extent not previously terminated or forfeited) under this Agreement upon Participant's death, to the extent permitted by law. The effectiveness of any such designation, and any revocation or replacement thereof, shall be determined in accordance with procedures established by the Company's broker. If Participant dies without such designation, the Restricted Stock Units will become part of Participant's estate.

5. Dividend Equivalents. In the event the Company declares a dividend on Shares (as defined in the Plan), for each unvested Restricted Stock Unit on the dividend payment date, Participant shall be credited with a Dividend Equivalent, payable in cash, with a value equal to the value of the declared dividend. The Dividend Equivalents shall be subject to the same restrictions as the unvested Restricted Stock Units to which they relate. No interest or other earnings shall be credited on the Dividend Equivalents. Subject to continued employment with the Company and Affiliates in accordance with Section 3, the restrictions with respect to the Dividend Equivalents shall lapse at the same time and in the same proportion as the restrictions on the initial award of Restricted Stock Units. No additional Dividend Equivalents shall be accrued for Participant's benefit with respect to record dates occurring prior to the Grant Date, or with respect to record dates occurring on or after the date, if any, on which Participant has forfeited the Restricted Stock Units, or any Restricted Stock Units have been settled. If Participant is a "specified employee" within the meaning of Code Section 409A, payment of any Dividend Equivalents subject to Code Section 409A and payable upon a termination of employment shall be subject to a six-month delay. The Dividend Equivalents shall be subject to all such other provisions set forth herein and may be used to satisfy any or all obligations for the payment of any tax attributable to the Dividend Equivalents and/or Restricted Stock Units.

6. Taxes and Withholdings. Upon the expiration of the applicable portion of the Period of Restriction (and delivery of the underlying Shares), or as of which the value of any Restricted Stock Units first

becomes includible in Participant's gross income for income tax purposes, Participant shall satisfy all obligations for the payment of any tax attributable to the Restricted Stock Units. Participant shall notify the Company if Participant wishes to pay the Company in cash, check or with shares of Elevance Health common stock already owned for the satisfaction of any taxes of any kind required by law to be withheld with respect to such Restricted Stock Units. Any such election made by Participant must be irrevocable, made in writing, signed by Participant, and shall be subject to any restrictions or limitations that the Compensation and Talent Committee of the Board of Directors of the Company ("Committee"), in its sole discretion, deems appropriate. If Participant does not notify the Company in writing at least 14 days prior to the Lapse Date of the applicable portion of the Period of Restriction, the Committee is authorized to take any such other action as may be necessary or appropriate, as determined by the Committee, to satisfy all obligations for the payment of such taxes. Such other actions may include withholding the required amounts from other compensation payable to Participant, a sell-to-cover transaction or such other method determined by the Committee, in its discretion. Please refer to the Plan's prospectus for tax considerations by jurisdiction.

7. Restrictive Covenants. For purposes of Sections 7, 8, and 9 of this Agreement, Company shall mean Elevance Health, Inc. and its Subsidiaries and Affiliates. Participant acknowledges that Participant has the right to consult with counsel at Participant's sole expense. As a condition to receipt of the Restricted Stock Unit Grant made under this Agreement, which Participant and the Company agree is fair and reasonable consideration, Participant agrees as follows, subject to any applicable provisions of Appendix A:

(a) *Confidentiality.*

(i) Participant recognizes that the Company derives substantial economic value from information created and used in its business which is not generally known by the public, including, but not limited to, plans, designs, concepts, computer programs, formulae, and equations; product fulfillment and supplier information; customer and supplier lists, and confidential business practices of the Company and any of its customers, vendors, business partners or suppliers; profit margins and the prices and discounts the Company obtains or has obtained or at which it sells or has sold or plans to sell its products or services (except for public pricing lists); manufacturing, assembling, labor and sales plans and costs; business and marketing plans, ideas, or strategies; confidential financial performance and projections; employee compensation; employee staffing and recruiting plans and employee personal information; and other confidential concepts and ideas related to the Company's business (collectively, "Confidential Information"). Participant expressly acknowledges and agrees that by virtue of his/her employment with the Company, Participant will have access to and will use in the course of Participant's duties certain Confidential Information and that Confidential Information constitutes trade secrets and confidential and proprietary business information of the Company, all of which is the exclusive property of the Company. For purposes of this Agreement, Confidential Information includes, but is not limited to, information that constitutes a trade secret under applicable state or federal law. Confidential Information does not include information that Participant establishes by clear and convincing evidence is or may become known to Participant or to the public from sources outside the Company and through means other than a breach of this Agreement.

(ii) Participant agrees that Participant will not for himself or herself or for any other person or entity, directly or indirectly, without the prior written consent of the Company, while employed by the Company and thereafter: (A) use Confidential Information for the benefit of any person or entity other than the Company or its affiliates; (B) remove, copy, duplicate or otherwise reproduce any document or tangible item embodying or pertaining to any of the Confidential Information, except as required to perform Participant's duties for the Company or its affiliates; or (C) while employed and thereafter, publish, release, disclose or deliver or otherwise make available to any third party any Confidential Information by any communication, including oral, documentary, electronic or magnetic information transmittal device or media. Upon Termination, Participant shall return all Confidential Information and all other property of the Company. This obligation of non-disclosure and non-use of information shall continue to exist for so long as such information remains Confidential Information.

(b) *Non-Competition.* During any period in which Participant is employed by the Company, and during a period of time after Participant's Termination (the "Restriction Period") which, unless otherwise limited by applicable state law, is (i) twenty-four (24) months for Executive Vice Presidents and the

President & Chief Executive Officer, and (ii) the greater of the period of severance or twelve (12) months for all other Participants, Participant will not, without prior written consent of the Company, directly or through the direction or control of others, obtain a Competitive Position or perform a Restricted Activity in the Restricted Territory for a Competitor, as those terms are defined herein.

(i) Competitive Position means any employment or performance of services with a Competitor (A) the same as or similar to the services that Participant performed for the Company in the last twenty-four (24) months of Participant's employment with Company (the "Look Back Period"), or (B) in the performance of which Participant will likely use any Confidential Information of the Company.

(ii) Restricted Territory means any geographic area in which the Company does business and which Participant provided services in, had responsibility for, had a material presence or influence in, or had access to Confidential Information about, such business, within the Look Back Period.

(iii) Restricted Activity means any activity for which Participant had responsibility for the Company or about which Participant had Confidential Information within the Look Back Period.

(iv) Competitor means any entity or individual (other than the Company) engaged in any one or more of the following: management of network-based managed care plans and programs; administration of managed care services; provision of health insurance, long-term care insurance, dental, life, or disability insurance; administration of flexible spending accounts, COBRA continuation coverage, coordination of benefits, or subrogation services; or the provision, delivery, or administration of health benefit plans or health care services such as pharmacy benefits management (including Specialty pharmacy), value-based care delivery, behavioral health, palliative care, care for chronic and complex conditions, digital healthcare platforms, medical benefits management solutions, or health care research (including health economics and outcomes); or any other aspects of the business or products or services offered by the Company, as to which Participant had responsibilities or received Confidential Information about, during the Look Back Period.

(v) The restrictions contained in this subsection (b) shall not apply to attorneys who accept a Competitive Position that consists of practicing law.

(vi) If Participant receives an offer of a Competitive Position with a Competitor, as those terms are defined above, Participant shall notify the Company's Chief Human Resources Officer, via the contact information provided in the award brochure, within five business days of receiving the offer and such notification shall include a detailed description of the job responsibilities and the identity of the Competitor. The description must be specific enough for the Company to determine whether Participant's new opportunity constitutes a violation of the Agreement.

(c) *Non-Solicitation of Customers*. During any period in which Participant is employed by the Company, and during the Restriction Period after Participant's Termination, Participant will not, either individually or as an employee, partner, consultant, independent contractor, owner, agent, or in any other capacity, directly or through the direction or control of others, for a Competitor of the Company as defined in subsection (b) above:

(i) Solicit business from any client, account, or medical care provider of the Company that Participant had contact with, participated in contact with, had or shared responsibility for, or had access to Confidential Information about, during the Look Back Period; or

(ii) solicit business from any client, account, or medical care provider that the Company pursued, and Participant had contact with, responsibility for, or knowledge of Confidential Information about, by reason of Participant's employment with the Company, during the Look Back Period.

For purposes of this paragraph (c), an individual policyholder in a plan maintained by the Company or by a client or account of the Company under which individual policies are issued, or a certificate holder in such plan under which group policies are issued, shall not be considered a client or account subject to this restriction solely by reason of being such a policyholder or certificate holder.

(d) *Non-Solicitation of Employees.* During any period in which Participant is employed by the Company, and during the Restriction Period after Participant's Termination, Participant will not, either individually or as an employee, partner, independent contractor, owner, agent, or in any other capacity, directly or through the direction or control of others, solicit, hire, attempt to solicit or hire, or participate in any attempt to solicit or hire, for any non-Company entity, any individual who, on or during the six (6) months immediately preceding the dates of such solicitation or hire, is or was an officer or employee of the Company and:

(i) Whom Participant knows to have access to or possession of Confidential Information that would give an unfair advantage to a Competitor;

(ii) Who, on or at any time during the six (6) months immediately preceding the date of such solicitation or hire, held the position of Director or above with the Company;

(iii) To whom Participant reported, or who reported to Participant, on or at any time during the six (6) months immediately preceding the dates of such solicitation or hire; or

(iv) Whom Participant was involved in recruiting while Participant was employed by the Company.

(e) *Non-Disparagement.* Subject to the limitations in Section 7(f) below, Participant agrees that he/she will not, nor will he/she cause or assist any other person to, make any statement to a third party or take any action which is intended to or would reasonably have the effect of disparaging or harming the Company or the business reputation of the Company's directors, employees, officers, or managers, or make any verbal or written statement to any media outlet regarding the Company.

(f) *Agreement Limitations*. Nothing in this Agreement prohibits Participant from (i) disclosing Workplace Conduct or the existence of a settlement involving Workplace Conduct that concerns conduct that Participant reasonably believes under state, federal, or common law to be illegal harassment, illegal retaliation, a wage & hour violation, or sexual assault, or that is recognized as against a clear mandate of public policy; (ii) disclosing Workplace Conduct that Participant has reason to believe is otherwise unlawful; or (iii) reporting possible violations of law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of any federal, state, or local law or regulation. "Workplace Conduct" means conduct occurring in the workplace, at work-related events coordinated by or through the Company, or between Employees, or between the Company and any Employee, off the workplace premises. Participant does not need the prior authorization of the Company to make any such reports or disclosures and Participant is not required to notify the Company that Participant has made such reports or disclosures. Disclosures protected by this Section may include a disclosure of trade secret information provided that it must comply with the restrictions in the Defend Trade Secrets Act of 2016 (DTSA). The DTSA provides that no individual will be held criminally or civilly liable under Federal or State trade secret law for the disclosure of a trade secret that: (i) is made in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and made solely for the purpose of reporting or investigating a suspected violation of law; or, (ii) is made in a complaint or other document if such filing is under seal so that it is not made public. Also, an individual who pursues a lawsuit for retaliation by an employer for reporting a suspected violation of the law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except as permitted by court order. If Participant is covered by Section 7 of the National Labor Relations Act (NLRA) because Participant is not in a supervisor or management role, nothing in this Agreement shall prohibit Participant from using information Participant acquires regarding the wages, benefits, or other terms and conditions of employment at the Company for any purpose protected under the NLRA.

8. Return of Consideration.

(a) If at any time Participant breaches any provision of this Agreement, then:

(i) All unexercised stock options under any Designated Plan (defined below) whether or not otherwise vested shall cease to be exercisable and shall immediately terminate;

(ii) Participant shall forfeit any outstanding restricted stock, restricted stock unit, or other outstanding equity award made under any Designated Plan and not otherwise vested on the date of breach; and

(iii) Participant shall pay to the Company (A) for each share of common stock of the Company ("Common Share") acquired on exercise of an option under a Designated Plan within the 24 months prior to such breach, the excess of the fair market value of a Common Share on the date of exercise over the exercise price, and (B) for each share of restricted stock, restricted stock unit and/or performance stock unit that became vested under any Designated Plan within the 24 months prior to such breach, the fair market value (on the date of vesting) of a Common Share.

Any amount to be repaid pursuant to this Section 8 shall be held by Participant in constructive trust for the benefit of the Company and shall, upon written notice from the Company, within 10 days of such notice, be paid by Participant to the Company. Any amount described in clauses (i) and (ii) that Participant forfeits as a result of a breach of the provisions of Section 7 shall not reduce any money damages that would be payable to the Company as compensation for such breach and shall not reduce or alter the Company's ability to recover payment of severance based on Participant's breach of a restrictive covenant in any severance plan or arrangement between the Company and Participant.

(b) The amount to be repaid pursuant to this Section shall be determined on a gross basis, without reduction for any taxes incurred or withheld, as of the date of the realization event, and without regard to any subsequent change in the fair market value of a Common Share. The Company shall have the right to offset such amount against any amounts otherwise owed to Participant by the Company (whether as wages, vacation pay, or pursuant to any benefit plan or other compensatory arrangement other than any amount pursuant to any nonqualified deferred compensation plan under Section 409A of the Code).

(c) For purposes of this Section 8, a "Designated Plan" is each stock option, restricted stock, or other equity compensation or long-term incentive compensation plan under which Participant has received equity awards from the Company.

(d) The return of consideration under this Section 8 is meant to reimburse the Company for some of the harm caused by Participant's wrongful conduct; however, it is not a full measure of the damage caused by Participant's conduct and does not preclude the Company from seeking the recovery of any and all damages caused by Participant and injunctive relief.

9. Equitable Relief, Remedies, Reformation, Assignment, Jury Trial Waiver, and Miscellaneous

(a) Participant acknowledges that each provision of Sections 7 and 8 of this Agreement is reasonable and necessary to preserve the legitimate business interests of the Company, its present and potential business activities, and the economic benefits derived therefrom; that they will not prevent him or her from earning a livelihood in Participant's chosen business and are not an undue restraint on the trade of Participant, or any of the public interests which may be involved.

(b) Participant agrees that beyond the amounts otherwise to be provided under Section 8 this Agreement, the Company will be damaged by a violation of the terms of this Agreement and the amount of such damage may be difficult to measure. Participant agrees that if Participant commits or threatens to commit a breach of any of the covenants and agreements contained in Section 7 then, to the extent permitted by applicable law, the Company shall have the right to seek and obtain all appropriate injunctive and other equitable remedies, without posting bond therefor, except as required by law, in addition to any other rights and remedies that may be available at law or under this Agreement, it being acknowledged and agreed that any such breach would

cause irreparable injury to the Company and that money damages would not provide an adequate remedy. Tolling: Further, if Participant violates Section 7 hereof Participant agrees that the period of violation shall be added to the period in which Participant's activities are restricted.

(c) The parties agree that the covenants contained herein are severable. If an arbitrator or court shall hold that the duration, scope, area, or activity restrictions stated herein are unreasonable under circumstances then existing, or under applicable state law, the arbitrator or court shall reform or modify the restrictions or enforce the restrictions to such lesser extent as is allowed by law.

(d) EACH PARTY, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY AS TO ANY ISSUE RELATING HERETO IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

(e) In the event of a breach of this Agreement, the prevailing party shall be entitled to the recovery of its reasonable attorneys' fees and expenses (including not only costs of court, but also expert fees, travel expenses, and other expenses incurred), and any other legal or equitable relief allowed by law.

(f) Nothing in this Agreement limits or reduces any common law or statutory duty Participant owes to the Company, nor does this Agreement limit or eliminate any remedies available to the Company for a violation of such duties. This Agreement will survive the expiration or termination of Participant's employment with the Company and/or any assignee pursuant to Section 9(g) and shall, likewise, continue to apply and be valid notwithstanding any change in Participant's duties, responsibilities, position, or title. Nothing in this Agreement creates a contract for term employment or limits either party's right to end the employment relationship between them.

(g) This Agreement, including the restrictions on Participant's activities set forth herein, also applies to any parent, subsidiary, affiliate, successor and assign of the Company to which Participant provides services or about which Participant receives Confidential Information. The Company shall have the right to assign this Agreement at its sole election without the need for further notice to or consent by Participant.

(h) This instrument and the Plan contain the entire agreement between the Parties with respect to the subject matter hereof (the grant of the RSUs contemplated by this Agreement). All representations, promises, and prior or contemporaneous understandings regarding this RSU grant are merged into, and expressed in this instrument. If Participant is subject to a prior agreement with the Company containing confidentiality, nonsolicitation, noncompetition and/or invention assignment provisions, then such prior agreement(s) shall remain in place and survive and be read together with the restrictions in this Agreement to afford the Company the greatest protection allowed by law. By accepting this Agreement, Participant agrees that the applicable provisions of Appendix A shall apply to any and all outstanding equity awards previously granted by the Company to Participant. This Agreement shall not be amended, modified, or supplemented without the written agreement of the Parties at the time of such amendment, modification, or supplement and must be signed by an officer of the Company (unless such amendment, modification, or supplementation is by order of a court or arbitrator). The headings herein are for convenience only and shall not affect the terms of the Agreement.

10. Survival of Provisions. The obligations contained in this Agreement shall survive Participant's Termination according to their terms and shall be fully enforceable thereafter.

11. Cooperation. Upon the receipt of reasonable notice from the Company (including from outside counsel to the Company), Participant agrees that while employed by the Company and for two years (or, if longer, for so long as any claim referred to in this Section remains pending) after Participant's Termination, Participant will respond and provide information with regard to matters in which Participant has knowledge as a result of Participant's employment with the Company, and will provide reasonable assistance to the Company, its Affiliates and their respective representatives in defense of any claims that may be made against the Company or any Affiliate, and will assist the Company and any Affiliate in the prosecution of any claims that may be made by

the Company or any Affiliate, to the extent that such claims may relate to the period of Participant's employment with the Company (or any predecessor); provided, that with respect to periods after Participant's Termination, the Company shall reimburse Participant for any out-of-pocket expenses incurred in providing such assistance and if Participant is required to provide more than ten (10) hours of assistance per week after his/her Termination then the Company shall pay Participant a reasonable amount of money for his/her services at a rate agreed to between the Company and Participant; and provided further that after Participant's Termination such assistance shall not unreasonably interfere with Participant's business or personal obligations. Participant agrees to promptly inform the Company if Participant becomes aware of any lawsuits involving such claims that may be filed or threatened against the Company or any Affiliate. Participant also agrees to promptly inform the Company (to the extent Participant is legally permitted to do so) if Participant is asked to assist in any investigation of the Company or any Affiliate (or their actions), regardless of whether a lawsuit or other proceeding has then been filed against the Company or any Affiliate with respect to such investigation and shall not do so unless legally required. Provided, however, that Participant is not required to inform the Company of any investigation by a governmental agency or entity resulting from the reporting of possible violations of federal securities law or regulation to any governmental agency or entity, and Participant may participate in such investigation, without informing the Company.

12. No Rights as a Shareholder. Participant shall have no rights of a shareholder (including, without limitation, dividend and voting rights) with respect to the Restricted Stock Units, for record dates occurring on or after the Grant Date and prior to the date any such Restricted Stock Units vest in accordance with this Agreement.

13. No Right to Continued Employment. Neither the Restricted Stock Units nor any terms contained in this Agreement shall confer upon Participant any express or implied right to be retained in the employment or service of the Company or any Affiliate for any period, nor restrict in any way the right of the Company, which right is hereby expressly reserved, to terminate Participant's employment or service at any time for any reason, subject to applicable law. Participant acknowledges and agrees that any right to have restrictions on the Restricted Stock Units lapse is earned only by continuing as an Employee of the Company or an Affiliate or satisfaction of any other applicable terms and conditions contained in the Plan and this Agreement, and not through the act of being hired, being granted the Restricted Stock Units, or acquiring Shares hereunder.

14. The Plan. This Agreement is subject to all the terms, provisions, and conditions of the Plan, which are incorporated herein by reference, and to such regulations as may from time to time be adopted by the Committee. Unless defined herein, capitalized terms are as defined in the Plan. In the event of any conflict between the provisions of the Plan and this Agreement, the provisions of the Plan shall control, and this Agreement shall be deemed to be modified accordingly. The Plan and the prospectus describing the Plan can be found on the Company's HR intranet. A paper copy of the Plan and the prospectus shall be provided to Participant upon Participant's written request to the Company at Elevance Health, Inc., 220 Virginia Avenue, Indianapolis, Indiana 46204, Attention: Corporate Secretary, Shareholder Services Department.

15. Compliance with Laws and Regulations.

(a) The Restricted Stock Units and the obligation of the Company to deliver Shares hereunder shall be subject in all respects to (i) all applicable Federal and state laws, rules, and regulations and (ii) any registration, qualification, approvals, or other requirements imposed by any government or regulatory agency or body which the Committee shall, in its discretion, determine to be necessary or applicable. Moreover, the Company shall not deliver any certificates for Shares to Participant or any other person pursuant to this Agreement if doing so would be contrary to applicable law. If at any time the Company determines, in its discretion, that the listing, registration or qualification of Shares upon any national securities exchange or under any state or Federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable, the Company shall not be required to deliver any certificates for Shares to Participant or any other person pursuant to this Agreement unless and until such listing, registration, qualification, consent or approval has been effected or obtained, or otherwise provided for, free of any conditions not acceptable to the Company.

(b) The Shares received upon the expiration of the applicable portion of the Period of Restriction shall have been registered under the Securities Act of 1933 ("Securities Act"). If Participant is an

"affiliate" of the Company, as that term is defined in Rule 144 under the Securities Act ("Rule 144"), Participant may not sell the Shares received except in compliance with Rule 144. Certificates representing Shares issued to an "affiliate" of the Company may bear a legend setting forth such restrictions on the disposition or transfer of the Shares as the Company deems appropriate to comply with Federal and state securities laws.

(c) If, at any time, the Shares are not registered under the Securities Act, and/or there is no current prospectus in effect under the Securities Act with respect to the Shares, Participant shall execute, prior to the delivery of any Shares to Participant by the Company pursuant to this Agreement, an agreement (in such form as the Company may specify) in which Participant represents and warrants that Participant is purchasing or acquiring the shares acquired under this Agreement for Participant's own account, for investment only and not with a view to the resale or distribution thereof, and represents and agrees that any subsequent offer for sale or distribution of any kind of such Shares shall be made only pursuant to either (i) a registration statement on an appropriate form under the Securities Act, which registration statement has become effective and is current with regard to the Shares being offered or sold, or (ii) a specific exemption from the registration requirements of the Securities Act, but in claiming such exemption Participant shall, prior to any offer for sale of such Shares, obtain a prior favorable written opinion, in form and substance satisfactory to the Company, from counsel for or approved by the Company, as to the applicability of such exemption thereto.

16. Code Section 409A Compliance. Except with respect to Participants who are Retirement eligible or become Retirement eligible before the calendar year containing the second Lapse Date as shown on the Grant Notice, it is intended that this Agreement meet the short-term deferral exception from Code Section 409A. This Agreement and the Plan shall be administered in a manner consistent with this intent and any provision that would cause the Agreement or Plan to fail to satisfy this exception shall have no force and effect. Notwithstanding anything contained herein to the contrary, Shares in respect of any Restricted Stock Units that (a) constitute "nonqualified deferred compensation" as defined under Code Section 409A and (b) vest as a consequence of Participant's Termination shall not be delivered until the date that Participant incurs a "separation from service" within the meaning of Code Section 409A (or, if Participant is a "specified employee" within the meaning of Code Section 409A and the regulations promulgated thereunder, the date that is six months following the date of such "separation from service" (or death, if earlier)). In addition, each amount to be paid or benefit to be provided to Participant pursuant to this Agreement that constitutes deferred compensation subject to Code Section 409A, shall be construed as a separate identified payment for purposes of Code Section 409A.

17. Notices. All notices by Participant or Participant's assignees shall be addressed to Elevance Health, Inc., 220 Virginia Avenue, Indianapolis, Indiana 46204, Attention: Stock Administration, or such other address as the Company may from time to time specify. All notices to Participant shall be addressed to Participant at Participant's address in the Company's records.

18. Other Plans. Participant acknowledges that any income derived from the Restricted Stock Units shall not affect Participant's participation in, or benefits under, any other benefit plan or other contract or arrangement maintained by the Company or any Affiliate.

19. Recoupment Policy for Incentive Compensation. The Company's Recoupment Policy for Incentive Compensation, as may be amended from time to time, shall apply to the Restricted Stock Units, any Shares delivered hereunder, and any profits realized on the sale of such Shares to the extent that Participant is covered by such policy. If Participant is covered by such policy, the policy may apply to recoup Restricted Stock Units awarded, any Shares delivered hereunder or profits realized on the sale of such Shares either before, on or after the date on which Participant becomes subject to such policy.

ELEVANCE HEALTH, INC.

By:

_____

Printed:

Its: Chair, Compensation and Talent Committee

of the Board of Directors

**APPENDIX A**

Alabama:

If Alabama law is deemed to apply, then the following applies to Participant: (a) Section 7(d) is rewritten as follows: "While employed and for a period of twelve (12) months from Termination, Participant will not participate in soliciting any Covered Employee of the Company who is in a Sensitive Position to leave the employment of the Company on behalf of (or for the benefit of) a Competitor nor will Participant knowingly assist a Competitor in efforts to hire a Covered Employee away from the Company. As used in this Section 7(d), a "Covered Employee" is an Employee with whom Participant worked, as to whom Participant had supervisory responsibilities, or regarding which Participant received Confidential Information during the Look Back Period. An Employee in a "Sensitive Position" refers to an Employee who is uniquely essential to the management, organization, or service of the business;" and (b) Section 7(c) is limited to prohibiting the solicitation of persons or entities who have a current business relationship with the Company.

Arizona:

If Arizona law is deemed to apply, then the following applies to Participant: (a) Participant's nondisclosure obligation in Section 7 shall extend for a period of three (3) years after Participant's Termination as to Confidential Information that does not qualify for protection as a trade secret. Trade secret information shall be protected from disclosure as long as the information at issue continues to qualify as a trade secret; and (b) the restrictions in Section 7(c) shall be limited to the Restricted Territory.

Arkansas, Connecticut, Montana, and South Carolina:

If Arkansas, Connecticut, Montana, or South Carolina law is deemed to apply, then the following applies to Participant: Participant's nondisclosure obligation in Section 7 shall extend for a period of three (3) years after Participant's Termination as to Confidential Information that does not qualify for protection as a trade secret. Trade secret information shall be protected from disclosure as long as the information at issue continues to qualify as a trade secret.

California:

If California law is deemed to apply, then the following applies to Participant: (a) the noncompetition restriction in Section 7(b) shall not apply; (b) the Employee non-solicitation restrictions in Section 7(d) shall not apply; and (c) Section 7(c) shall be limited to situations where Participant is aided in his or her conduct by the use or disclosure of the Company's trade secrets (as defined by applicable law).

Colorado:

If Colorado law is deemed to apply, then the following applies to Participant:

(a) Section 7(b) shall apply only if Participant earns Annualized Cash Compensation equivalent to or greater than the Threshold Amount for Highly Compensated Workers and to the extent that the conduct in violation of Section 7(b) is aided by Participant's use or disclosure of the Company's trade secrets.

(b) Section 7(c) shall apply only if Participant earns Annualized Cash Compensation equivalent to or greater than sixty percent (60%) of the Threshold Amount for Highly Compensated Workers and to the extent that the conduct in violation of Section 7(c) is aided by Participant's use or disclosure of the Company's trade secrets.

(c) Section 7(d) shall not apply.

(d) "Annualized Cash Compensation" means: (1) the amount of gross salary or wage amount, the fee amount, or other compensation amount for the full year, if the worker was employed or engaged for a full year; or (2) the compensation that the worker would have earned, based on the worker's gross salary or wage amount, fee, or other compensation if the worker was not employed or engaged for a full year. In determining whether a worker's cash compensation exceeds the threshold amount, where the worker has been employed for less than a calendar year, the worker's cash compensation exceeds the threshold amount if the worker would reasonably expect to earn more than the threshold amount during a calendar year of employment.

(e) "Threshold Amount for Highly Compensated Workers" means the greater of the threshold amount for highly compensated workers as determined by the Division of Labor Standards and Statistics in the Department of Labor and Employment, as of August 10, 2022 or the date Participant accepts this Agreement.

(f) Nothing contained in this Agreement shall be construed to prohibit Participant from disclosing information that: (1) arises from Participant's general training, knowledge, skill, or experience, whether gained on the job or otherwise; (2) is readily ascertainable to the public; or (3) a worker otherwise has a right to disclose as legally protected conduct.

(g) Participant acknowledges that Participant received notice of this Agreement (including, but not limited to, the provisions of Section 7: (1) before Participant accepted the Company's offer of employment (if Participant is a new hire); or (2) at least fourteen (14) days before the earlier of (I) Participant's acceptance of this Agreement, or (II) the effective date of any additional compensation or change in the terms or conditions of employment that provides consideration for the covenants in Section 7.

Illinois:

If Participant resides in Illinois and is subject to Illinois law, then:

(a) The provisions of Section 7(c) shall apply only if Participant's Earnings, as defined by the Illinois Freedom to Work Act, exceed $45,000 per year in 2022-2026, $47,500 per year in 2027-2031, $50,000 per year in 2032-2036, and $52,500 beginning on January 1, 2037;

(b) The provisions of Section 7(d) shall apply only if Participant's Earnings, as defined by the Illinois Freedom to Work Act, exceed $45,000 per year in 2022-2026, $47,500 per year in 2027-2031, $50,000 per year in 2032-2036, and $52,500 beginning on January 1, 2037;

(d) The provisions of Section 7(b) shall apply only if Participant's Earnings, as defined by the Illinois Freedom to Work Act, exceed $75,000 per year in 2022-2026, $80,000 per year in 2027-2031, $85,000 per year in 2032-2036, and $90,000 beginning on January 1, 2037;

(e) Section 7 shall not apply if Participant is terminated or furloughed or laid off as a result of business circumstances or governmental orders related to the COVID-19 pandemic or under circumstances that are similar to the COVID-19 pandemic, unless the Company informs Participant in writing that it will be intending to enforce the provisions of Section 7 and will be paying Participant compensation equivalent to Participant's base salary at the time of termination for the period of enforcement minus compensation earned through subsequent employment during the period of enforcement;

(f) The provisions of Section 7(b) shall not apply if Participant is covered by a collective bargaining agreement under the Illinois Public Relations Act;

(g) Participant's nondisclosure obligation in Section 7 shall extend for a period of three (3) years after Participant's Termination as to Confidential Information that does not qualify for protection as a trade secret. Trade secret information shall be protected from disclosure as long as the information at issue continues to qualify as a trade secret;

(h) Participant acknowledges that Participant has been advised to consult with an attorney about this Agreement and has been given an opportunity to do so; and

(i) If Participant is a new hire, Participant acknowledges that Participant has been provided a copy of this Agreement at least 14 calendar days before the commencement of employment. If Participant is an existing Employee, Participant acknowledges that Participant has been given at least 14 calendar days to review this Agreement.

Louisiana:

If Louisiana law is deemed to apply, then the following applies to Participant: (a) the "Restricted Territory" defined in Section 7 of the Agreement is understood to cover the following parishes in Louisiana and all counties outside Louisiana where Participant had responsibilities for the Company: Acadia, Allen, Ascension, Assumption,

Avoyelles, Beauregard, Bienville, Bossier, Caddo, Calcasieu, Caldwell, Cameron, Catahoula, Claiborne, Concordia, DeSoto, East Baton Rouge, East Carroll, East Feliciana, Evangeline, Franklin, Grant, Iberia, Iberville, Jackson, Jefferson, Jefferson Davis, LaSalle, Lafayette, Lafourche, Lincoln, Livingston, Madison, Morehouse, Natchitoches, Orleans, Ouachita, Plaquemines, Pointe Coupee, Rapides, Red River, Richland, Sabine, St. Bernard, St. Charles, St. Helena, St. James, St. John The Baptist, St. Landry, St. Martin, St. Mary, St. Tammany, Tangipahoa, Tensas, Terrebonne, Union, Vermilion, Vernon, Washington, Webster, West Baton Rouge, West Carroll, West Feliciana, Winn; and (b) the restrictions in Section 7(c) (as well as Section 7(b)) shall be limited to the foregoing parishes and counties.

Maine:

If Maine law is deemed to apply, then the following applies to Participant: (a) Participant acknowledges that if Participant is a new hire Participant received a copy of this Agreement prior to receiving a formal offer of employment from the Company and was given at least three business days to consider the Agreement before signing; (b) Section 7(b) will not take effect until one year of employment or a period of six months from the date the agreement is signed, whichever is later; and (c) Section 7(b) shall not apply if Participant earns at or below 400% of the federal poverty level.

Maryland:

If Maryland law is deemed to apply, then the following applies to Participant: Section 7(b) shall not apply if Participant earns equal to or less than $15/hour or $31,200 annually.

Massachusetts:

If Participant resides or works in Massachusetts for at least the thirty days preceding Participant's Termination, then the Company will notify Participant within ten (10) business days of Participant's Termination whether the Company decides to waive Section 7(b) or make these provisions enforceable by paying Participant garden leave as provided by the Massachusetts Noncompetition Agreement Act, G.L. c. 149, S. 24L. In addition, if Massachusetts law is deemed to apply, then the following applies to Participant:

(a) Section 7(b) will not apply if Participant's employment is terminated without "cause" or if Participant is terminated as part of a reduction in force. Participant further understands that for the limited purpose of the application of the non-competition clause in Section 7(b) of the Agreement, "cause" to terminate Participant's employment exists if Participant has (i) committed, admitted committing, or plead guilty to a felony or crime involving moral turpitude, fraud, theft, misappropriation, or dishonesty, (ii) violated a material term of this Agreement or Company policy, (iii) engaged in insubordination, or failed or refused to perform assigned duties of Participant's position despite reasonable opportunity to perform, (iv) failed to exercise reasonable care and diligence in the exercise of Participant's duties for the Company, or (iv) engaged in conduct or omissions that Participant knew, or should have known (with the exercise of reasonable care), would cause, or be likely to cause, harm to the Company or its reputation in the business community;

(b) Participant acknowledges that Participant has been advised to consult with an attorney about this Agreement and has been given an opportunity to do so;

(c) the Restricted Period applicable to Section 7(b) shall be limited to a period of one year following Participant's Termination (as well as while Participant is employed by the Company); however, if Participant breaches Section 7(b) of this Agreement, and also breaches Participant's fiduciary duty to the Company and/or has unlawfully taken, physically or electronically, any Company records, then the Restricted Period shall be extended to a period of two (2) years from Termination;

(d) Participant acknowledges that (i) if Participant is being initially hired by the Company, that Participant received a copy of this Agreement prior to receiving a formal offer of employment from the Company or at least ten (10) business days before commencement of Participant's employment by the Company, whichever came first; or (ii) if Participant was already employed by the Company at the time of signing this Agreement, that Participant was provided a copy hereof at least ten (10) business days before the effective date of this Agreement;

(e) the tolling language Section 10(b) shall only apply to any breach of Section 7(c) and (d) (i.e., the tolling language shall not apply to Section 7(b)); and

(f) Section 7(b) shall not apply to Participant following Termination if Participant is: classified as non-exempt under the FLSA; 18 years or younger; or an undergraduate or graduate student in an internship or other short-term employment relationship while enrolled in college or graduate school.

Nebraska:

If Nebraska law is deemed to apply, then the following applies to Participant: (a) Section 7(c) is limited to the solicitation of persons or entitles with which Participant did business and had personal business-related contact during the Look Back Period; and (b) the noncompetition restrictions in Section 7(b) and (c) do not apply.

Nevada:

If Nevada law is deemed to apply, then the following applies to Participant: (a) Section 7 does not preclude Participant from providing services to any former client or customer of the Company if: (1) Participant did not solicit the former customer or client; (2) the customer or client voluntarily chose to leave and seek services from Participant; and (3) Participant is otherwise complying with the limitations in this Agreement as to time and scope of activity to be restrained; and (b) Section 7(b) does not apply if Participant is paid solely an hourly wage, exclusive of tips or gratuities.

New Hampshire:

If New Hampshire law is deemed to apply, then the following applies to Participant: (a) Section 7(b) does not apply if Participant earns an hourly rate less than or equal to 200 percent of the federal minimum wage; and (b) Participant acknowledges that Participant was given a copy of this Agreement prior to a change in job classification or the offer of employment.

New York:

If New York law is deemed to apply, then the following applies to Participant: Section 7(c) shall be modified to exclude those clients or customers who became a client or customer of the Company as a result of Participant's independent contact and business development efforts with the customer or client prior to and independent from his/her employment with the Company.

North Carolina:

If North Carolina law is deemed to apply, then the following applies to Participant: (a) the Look Back Period shall be calculated looking back twenty-four (24) months from the date of enforcement and not from the date Participant's employment ends; and (b) Participant's nondisclosure obligation in Section 7 shall extend for a period of three (3) years after Participant's Termination as to Confidential Information that does not qualify for protection as a trade secret. Trade secret information shall be protected from disclosure as long as the information at issue continues to qualify as a trade secret.

North Dakota:

If North Dakota law is deemed to apply, then the following applies to Participant: (a) the noncompetition restriction in Section 7(b) shall not apply; and (b) Section 7(c) shall be limited to situations where Participant is aided in his or her conduct by the use or disclosure of the Company's trade secrets (as defined by applicable law).

Oklahoma:

If Oklahoma law is deemed to apply, then the following applies to Participant: (i) Section 7(c) is limited to preclude only the direct solicitation of established customers of the Company for the purpose of doing any business that would compete with the Company's business; and (ii) the noncompetition restrictions in Section 7(b) shall not apply.

Oregon:

If Oregon law is deemed to apply, then the following applies to Participant: the restrictions in Section 7(b) shall apply only if Participant: (a) is engaged in administrative, executive or professional work and performs predominantly intellectual, managerial, or creative tasks, exercises discretion and independent judgment and earns a salary or is otherwise exempt from Oregon's minimum wage and overtime laws; (b) the Company has a "protectable interest" (meaning, access to trade secrets or competitively sensitive confidential business or professional information); and (c) the total amount of Participant's annual gross salary and commission, calculated on an annual basis, at the time of Participant's Termination, exceeds $100,533 adjusted annually for inflation pursuant to the Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics of the United States Department of Labor immediately preceding the calendar year of Participant's Termination. However, if Participant does not meet requirements of either (a) or (c) (or both), the Company may, on a case-by-case basis, decide to make Section 7(b) enforceable as to Participant (as allowed by Oregon law), by agreeing in writing to pay Participant, during the period of time Participant is restrained from competing, the greater of: (i) compensation equal to at least 50 percent of Participant's annual gross base salary and commissions at the

time of Termination; or (ii) fifty percent of $100,533 adjusted annually for inflation pursuant to the Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics of the United States Department of Labor immediately preceding the calendar year of Participant's Termination. In addition, if Participant is a new hire, Participant acknowledges that Participant was notified in a written offer of employment received at least two weeks before the commencement of employment that a noncompetition agreement was a condition of employment. If Participant is an existing Employee, Participant acknowledges that this Agreement was entered into upon a subsequent bona fide advancement of Participant by the Company; namely the Company is conferring upon Participant equity awards that, if accepted by Participant, will supplement Participant's compensation.

Puerto Rico:

If Puerto Rico law is deemed to apply, then the following applies to Participant: (a) the Restricted Period and the Look Back Period in Section 7 shall be, in each case, only a period of twelve (12) months; (b) the Restricted Territory shall be limited to the territory of Puerto Rico; (c) the customer restriction in Section 7(c) shall be limited to clients, accounts, and medical care providers that were personally serviced by Participant during the Look Back Period and had an active business relationship with the Company within the last thirty (30) days prior to Participant's Termination; and (d) the tolling provision in Section 10(b) shall not apply.

Rhode Island:

If Rhode Island law is deemed to apply, then Section 7(b) shall not apply to Participant following Termination if Participant is: classified as non-exempt under the FLSA; an undergraduate or graduate student in an internship or short-term employment relationship; 18 years of age or younger; or a low wage Participant (defined as earning less than 250% of the federal poverty level).

Utah:

If Utah law is deemed to apply, then the following applies to Participant: (a) the Restricted Period applicable to Section 7(b) shall be limited to a period of one year following Termination (as well as while Participant is employed by the Company).

Virginia:

If Virginia law is deemed to apply, then the following applies to Participant: (a) Section 7(b)-(d) shall not apply if Participant is a "low wage Participant." A "low wage Participant" refers to a Participant whose average weekly earnings (calculated by dividing Participant's earnings during the period of 52 weeks immediately preceding Termination by 52, or if Participant worked fewer than 52 weeks, by the number of weeks that Participant was actually paid during the 52-week period) are less than the average weekly wage of the Commonwealth of Virginia as determined pursuant to subsection B of Virginia Code § 65.2-500. "Low-wage Participant" includes interns, students, apprentices, or trainees employed, with or without pay, at a trade or occupation in order to gain work or educational experience. "Low-wage Participant" also includes an individual who has independently contracted with another person to perform services independent of an employment relationship and who is compensated for such services by such person at an hourly rate that is less than the median hourly wage for the Commonwealth of Virginia for all occupations as reported, for the preceding year, by the Bureau of Labor Statistics of the U.S. Department of Labor. However, "low-wage Participant" does not include any Participant whose earnings are derived, in whole or in predominant part, from sales commissions, incentives, or bonuses paid to Participant by the Company; (b) Section 7 does not preclude Participant from providing services to any client or customer of the Company if Participant did not initiate contact with or solicit the former customer or client; and (c) Participant's nondisclosure obligation in Section 7(a) shall extend for a period of three (3) years after Participant's Termination as to Confidential Information that does not qualify for protection as a trade secret. Trade secret information shall be protected from disclosure as long as the information at issue continues to qualify as a trade secret.

Washington (state):

If Participant resides in Washington at the time this Agreement is entered, Participant acknowledges that Participant was given ten (10) business days to consider this Agreement before accepting it.

In addition, if Washington law controls, then for so long as Washington law controls, the Agreement will be modified and applied as follows:

(a) Section 7(b) shall apply following Termination only if Participant's annualized earnings from the Company exceed $100,000.00 per year (adjusted annually in accordance with Section 5 of Washington HP 1450), and Section 7(b) shall apply during employment only if Participant earns at least twice the Washington minimum hourly wage (subject to the common law duty of loyalty and the Company's Code of Conduct);

(b) for purposes of the application of the non-competition provision in Section 7(b), Participant understands that the non-competition provision will not be enforced against Participant if Participant is terminated from employment without "cause" or if Participant is laid off, unless the Company pays Participant during the Restricted Period an amount equal to Participant's base salary at Termination less any compensation earned by Participant during the Restricted Period. Participant further understands that for the limited purpose of the application of the non-competition clause in Section 7(b) of the Agreement, "cause" to terminate Participant's employment exists if Participant has (i) committed, admitted committing, or plead guilty to a felony or crime involving moral turpitude, fraud, theft, misappropriation, or dishonesty, (ii) violated a material term of this Agreement or Company policy, (iii) engaged in insubordination, or failed or refused to perform assigned duties of my position despite reasonable opportunity to perform, (iv) failed to exercise reasonable care and diligence in the exercise of Participant's duties for the Company, or (iv) engaged in conduct or omissions that Participant knew, or should have known (with the exercise of reasonable care), would cause, or be likely to cause, harm to the Company or its reputation in the business community; and

(c) Participant further acknowledges that if Participant is a new Employee, Participant has had advance notice of the terms of this Agreement prior to accepting the Company's offer of employment.

Washington, D.C.

Participant acknowledges that Participant was given a copy of Washington, D.C., Council Bill 24-256 ("Bill 24-256") contemporaneously with accepting this Agreement.

If Participant is a "Covered Employee" as defined by Bill 24-256 and Participant is not a "Highly Compensated Employee," as defined by Bill 24-256, the following applies to Participant: (1) Section 7(b) shall not apply; (2) "Confidential Information" shall, in all instances, be limited to information owned or possessed by the Company which is not available to the general public and which the Company has taken reasonable steps to ensure is protected from improper disclosure; (3) Participant is precluded, during Participant's employment with the Company, from accepting money or a thing of value for performing work for a person other than the Company, where doing so can reasonably be concluded to result in (a) Participant's disclosure or use of Confidential Information or "Proprietary employer information," as defined by Bill 24-256; (b) a conflict with the Company's established rules regarding conflicts of interest, or (c) impairment of the Company's ability to comply with federal law, the law of the District of Columbia, or a contract or grant agreement.

If Participant is a "Covered Participant" as defined by Bill 24-256 and Participant is a "Highly Compensated Participant," as defined by Bill 24-256, the following applies to Participant: (1) Participant acknowledges that Participant was given a copy of this Agreement at least 14 days before Participant commenced employment for the Company (if Participant is a new hire) or Participant was given a copy of this Agreement at least 14 days before Participant was required to accept this Agreement (if Participant is an existing Employee); (2) "Confidential Information" shall, in all instances, be limited to information owned or possessed by the Company which is not available to the general public and which the Company has taken reasonable steps to ensure is protected from improper disclosure; (3) the Restricted Period for purposes of the non-competition provision in Section 7(b) shall be limited to a period of twelve (12) months following Termination (and while Participant is employed by the Company); and (4) Participant is notified that The District of Columbia Ban on Non-Compete Agreements Amendment Act of 2020 limits the use of non-compete agreements. It allows employers to request non-compete agreements from "highly compensated employees" under certain conditions. The Company has determined that you are a highly compensated employee. For more information about the Ban on Non-Compete Agreements Amendment Act of 2020, contact the District of Columbia Department of Employment Services (DOES).

Wisconsin:

If Wisconsin law is deemed to apply, then the following applies to Participant: (a) Participant's nondisclosure obligation in Section 7 shall extend for a period of three (3) years after Participant's Termination as to Confidential Information that does not qualify for protection as a trade secret. Trade secret information shall be protected from disclosure as long as the information at issue continues to qualify as a trade secret; (b) the tolling provision in Section 10(b) shall not apply; and (c) Section 7(d) is rewritten as follows: "While employed and for a period of twelve (12) months following Termination, Participant will not participate in soliciting any "Covered Employee" of the Company that is in a "Sensitive Position" to leave the employment of the Company on behalf of (or for the benefit of) a Competitor; nor will Participant knowingly assist a Competitor in efforts to hire a Covered Employee away from the Company. As used in this Section 7(d), a "Covered Employee" is an Employee with whom Participant worked, as to whom Participant had supervisory responsibilities, or regarding whom Participant received Confidential Information during the Look Back Period. A Participant in a "Sensitive Position" refers to an Employee who is in a management, supervisory, sales, research and development, or similar role where the Employee is provided Confidential Information or is involved in business dealings with the Company's clients."

## Schedule A

## Notice of Performance Stock Unit Grant

**Participant:** [●]

**Company:** Elevance Health, Inc.

**Notice:** You have been granted the following award of performance stock units of common stock of the Company in accordance with the terms of the Plan and the attached Performance Stock Unit Agreement.

**Plan:** 2017 Elevance Health Incentive Compensation Plan

**Grant:**
**Grant Date:** [●]
**Grant Number:** [●]
**Number of Performance Stock Units:** [●]

**Performance Period:** The Performance Period is the three calendar year period that begins on the January 1 of the calendar year that includes the Grant Date. Subject to achievement of the performance measures described in the Long Term Stock Incentive Plan Brochure ("Summary"), the number of your Performance Stock Units listed in the "Shares" column, and any related Dividend Equivalents, shall vest on the later of the date listed in the "Vesting Date" column or the date the Compensation and Talent Committee of the Board of Directors of Elevance Health, Inc. certifies the performance results. Unless otherwise provided in the Agreement, you must be employed on the Vesting Date to receive any Performance Stock Units payable under the Agreement. Achievement of the performance measures may increase or decrease the total number of Performance Stock Units covered by the Grant and any related Dividend Equivalents that vest on the Vesting Date.

| **Shares** | **Vesting Date** |
|---|---|
| [●] | [●] |

Achievement of the performance measures must be approved by the Compensation and Talent Committee of the Board of Directors of Elevance Health, Inc. The performance measures as described in the Summary, including any modifications to such performance measures, are incorporated into, and made part of the Agreement.

In the event that a Change of Control (as defined in the Plan) occurs before your Termination (as defined in the Plan), your Performance Stock Unit Grant will remain subject to the terms of this Agreement, unless the successor company does not assume the Performance Stock Unit Grant. If the successor company does not assume the Performance Stock Unit Grant, then the Performance Stock Units shall immediately vest upon a Change of Control and the Shares covered by the award shall be delivered as soon as practicable following the Change of Control, provided that in the event that the Performance Stock Units are deferred compensation within the meaning of Code Section 409A, such Stock Units shall only be delivered upon the Change of Control if such Change of Control is a "change in control event" within the meaning of Code Section 409A and the delivery is made in accordance with Treasury Regulation 1-409A-3(j)(ix).

**Acceptance:** In order to accept your Performance Stock Units, you must electronically accept this Agreement through the Company's broker at any time within ninety (90) days after the Grant Date. To effect your acceptance, please follow the instructions included with your grant materials. Acceptance of the Agreement includes acceptance of the terms and conditions of the Plan. If you do not timely and electronically accept this Agreement, this Agreement will be null and void at the end of the 90th day after the Grant Date and you will have no right or claim to the Performance Stock Units described above.

# Performance Stock Unit Award Agreement

This Performance Stock Unit Award Agreement (this "Agreement") dated as of the Grant Date (the "Grant Date") set forth in the Notice of Performance Stock Unit Grant attached as Schedule A hereto (the "Grant Notice") is made between Elevance Health, Inc. (the "Company") and the Participant set forth in the Grant Notice. The Grant Notice is included in and made part of this Agreement. The Company and Participant expressly agree and acknowledge that Participant's entry into this Agreement is not a condition of Participant's employment with the Company, and that Participant is not required to enter into this Agreement or accept Restricted Stock Units as a condition of Participant's employment with the Company or a Subsidiary or Affiliate. Capitalized terms not defined herein or in the Grant Notice or the Summary are defined in the Plan.

1. Performance Period. The Performance Period with respect to the Performance Stock Units shall be as set forth in the Grant Notice (the "Performance Period"). Participant acknowledges that the Performance Stock Units may not be sold, transferred, pledged, assigned, encumbered, alienated, hypothecated, or otherwise disposed of (whether voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy)). Upon the completion of the applicable portion of the Performance Period and subject to the performance measures described in the Summary, the restrictions set forth in this Agreement with respect to the Performance Stock Units theretofore subject to such completed Performance Period shall lapse and the Shares covered by the related portion of the award shall be delivered as soon as practicable thereafter, except as may be provided in other sections of this Agreement.

2. Ownership. Upon expiration of the applicable portion of the Performance Period and subject to the performance measure described in the Summary, the Company shall transfer the Shares covered by the related portion of the award to Participant's account with the Company's captive broker.

3. Termination.

(a) *Retirement.* If Participant's Termination is due to Retirement (for purposes of this Agreement, defined as Participant's Termination after attaining age fifty-five (55) with at least ten (10) completed years of service) or after attaining age sixty-five (65), Participant shall become vested in a prorata number of Performance Stock Units based on actual achievement of the performance measures set forth in the Summary. For purposes of the preceding, the prorata number of the Performance Stock Units shall be equal to (i) the number of Performance Stock Units set forth in the Grant Notice, adjusted for actual achievement of performance measures, plus any Dividend Equivalents multiplied by (ii) a fraction, the numerator of which shall be the number of full calendar months Participant is employed with the Company during the Measurement Period and the denominator of which shall be 36 calendar months. For purposes of the Agreement, the Measurement Period is (A) the same as the Performance Period for a Participant employed on the first day of the Performance Period, and (B) the 36 month period beginning on the Grant Date for all other Participants. The shares covered by the related portion of the award shall be delivered upon the applicable Vesting Date. [1]

(b) *Death and Disability*. If Participant's Termination is due to death or Disability (for purposes of this Agreement, as defined in the applicable Elevance Health Long-Term Disability Plan), then the Performance Period shall immediately lapse, causing any restrictions which would otherwise remain on the Performance Stock Units to immediately lapse, and the Shares covered by the award shall be delivered as soon as practicable thereafter.

(c) *Without Cause or for Good Reason*. If Participant's Termination is by the Company or an Affiliate without Cause (for purposes of this Agreement, defined as a violation of "conduct" as such term is defined in the Elevance Health HR Corrective Action Policy and if Participant participates in the Elevance Health Executive Agreement Plan (the "Agreement Plan"), the Key Associate Agreement, or the Key Sales Associate Agreement also as defined in that plan or agreement), Participant shall become vested in a prorata number of Performance Stock Units based on actual achievement of the performance measures set forth in the Summary. For purposes of the preceding, the prorata number of the Performance Stock Units shall be equal to (i) the number of

[1] This retirement provision is deleted in non-annual retention grants.

Performance Stock Units set forth in the Grant Notice, adjusted for actual achievement of performance measures, plus any Dividend Equivalents multiplied by (ii) a fraction, the numerator of which shall be the number of full calendar months elapsed from the first day of the Measurement Period through Participant's date of Termination and the denominator of which shall be 36 calendar months. The shares covered by the related portion of the award shall be delivered upon the applicable Vesting Date. The foregoing shall also apply to a Participant who participates in the Agreement Plan and receives severance under the Agreement Plan for a termination by Participant for Good Reason (as defined in the Agreement Plan).

(d) *Other Terminations*. If Participant's Termination is (i) by the Company or an Affiliate for Cause even if on the date of such Termination Participant has met the definition of Retirement or Disability or (ii) by Participant for any reason other than death, Disability, Retirement, Good Reason or without Cause, then all Performance Stock Units for which the Performance Period had not lapsed prior to the date of such Termination shall be immediately forfeited.

(e) *Termination after Change of Control.* Notwithstanding any other provision of the Agreement, including Section 3(c), if after a Change of Control Participant's Termination is (i) by the Company or an Affiliate without Cause or (ii), if Participant participates in the Agreement Plan, by Participant for Good Reason (as defined in the Agreement Plan), then there shall be paid out in cash to Participant within 30 days following Termination the value of the Performance Stock Units to which Participant would have been entitled if performance achieved 100% of the target performance measures as described in the Summary. Notwithstanding any provision of this Agreement to the contrary, in the event that Participant becomes entitled to vest in Performance Stock Units under any provision of this Section 3 by reason of any Termination and such Termination occurs within the two-year period following a Change of Control that is a "change in control event" within the meaning of Code Section 409A, Participant's Performance Stock Units shall be paid to Participant upon such Termination.

4. Transferability of the Performance Stock Units. Participant shall have the right to appoint any individual or legal entity in writing, in accordance with procedures established by the Company's broker, to receive any Performance Stock Units (to the extent not previously terminated or forfeited) under this Agreement upon Participant's death, to the extent permitted by law. The effectiveness of any such designation, and any revocation or replacement thereof, shall be determined in accordance with procedures established by the Company's broker. If Participant dies without such designation, the Performance Stock Units will become part of Participant's estate.

5. Dividend Equivalents. In the event the Company declares a dividend on Shares (as defined in the Plan), for each unvested Performance Stock Unit on the dividend payment date, Participant shall be credited with a Dividend Equivalent, payable in cash, with a value equal to the value of the declared dividend. The Dividend Equivalents shall be subject to the same restrictions as the unvested Performance Stock Units to which they relate. No interest or other earnings shall be credited on the Dividend Equivalents, provided that additional Dividend Equivalents may be awarded or forfeited in the same proportion as the number of Performance Stock Units determined to be awarded or forfeited based on the achievement of the performance measures. Subject to continued employment with the Company and Affiliates in accordance with Section 3 and, as applicable, achievement of performance measures, the restrictions with respect to the Dividend Equivalents shall lapse at the same time and in the same proportion as restrictions on the initial award of Performance Stock Units. No additional Dividend Equivalents shall be accrued for Participant's benefit with respect to record dates occurring prior to the Grant Date, or with respect to record dates occurring on or after the date, if any, on which Participant has forfeited the Performance Stock Units or any Performance Stock Units have been settled. If Participant is a "specified employee" within the meaning of Code Section 409A, payment of any Dividend Equivalents subject to Code Section 409A and payable upon a termination of employment shall be subject to a six-month delay. The Dividend Equivalents shall be subject to all such other provisions set forth herein and may be used to satisfy any or all obligations for the payment of any tax attributable to the Dividend Equivalents and/or Performance Stock Units.

6. Taxes and Withholdings. Upon the expiration of the applicable portion of the Performance Period (and delivery of the underlying Shares), or as of which the value of any Performance Stock Units first becomes includible in Participant's gross income for income tax purposes, Participant shall satisfy all obligations for the payment of any tax attributable to the Performance Stock Units. Participant shall notify the

Company if Participant wishes to pay the Company in cash, check or with shares of Elevance Health common stock already owned for the satisfaction of any taxes of any kind required by law to be withheld with respect to such Performance Stock Units. Any such election made by Participant must be irrevocable, made in writing, signed by Participant, and shall be subject to any restrictions or limitations that the Compensation and Talent Committee of the Board of Directors of the Company ("Committee"), in its sole discretion deems appropriate. If Participant does not notify the Company in writing at least 14 days prior to the end of the Performance Period, the Committee is authorized to take any such other action as may be necessary or appropriate, as determined by the Committee, to satisfy all obligations for the payment of such taxes. Such other actions may include withholding the required amounts from other compensation payable to Participant, a sell-to-cover transaction or such other method determined by the Committee, in its discretion. Please refer to the Plan's prospectus for tax considerations by jurisdiction.

7. Restrictive Covenants. For purposes of Sections 7, 8, and 9 of this Agreement, Company shall mean Elevance Health, Inc. and its subsidiaries and Affiliates. Participant acknowledges that Participant has the right to consult with counsel at Participant's sole expense. As a condition to receipt of the Performance Stock Unit Grant made under this Agreement, which Participant and the Company agree is fair and reasonable consideration, Participant agrees as follows, subject to any applicable provisions of Appendix A:

(a) *Confidentiality.*

(i) Participant recognizes that the Company derives substantial economic value from information created and used in its business which is not generally known by the public, including, but not limited to, plans, designs, concepts, computer programs, formulae, and equations; product fulfillment and supplier information; customer and supplier lists, and confidential business practices of the Company, Affiliates, and any of its customers, vendors, business partners or suppliers; profit margins and the prices and discounts the Company obtains or has obtained or at which it sells or has sold or plans to sell its products or services (except for public pricing lists); manufacturing, assembling, labor and sales plans and costs; business and marketing plans, ideas, or strategies; confidential financial performance and projections; employee compensation; employee staffing and recruiting plans and employee personal information; and other confidential concepts and ideas related to the Company's business (collectively, "Confidential Information"). Participant expressly acknowledges and agrees that by virtue of his/her employment with the Company, Participant will have access to and will use in the course of Participant's duties certain Confidential Information and that Confidential Information constitutes trade secrets and confidential and proprietary business information of the Company, all of which is the exclusive property of the Company. For purposes of this Agreement, Confidential Information includes, but is not limited to, information that constitutes a trade secret under applicable state or federal law. Confidential Information does not include information that Participant establishes by clear and convincing evidence is or may become known to Participant or to the public from sources outside the Company and through means other than a breach of this Agreement.

(ii) Participant agrees that Participant will not for himself or herself or for any other person or entity, directly or indirectly, without the prior written consent of the Company, while employed by the Company and thereafter: (A) use Confidential Information for the benefit of any person or entity other than the Company or its affiliates; (B) remove, copy, duplicate or otherwise reproduce any document or tangible item embodying or pertaining to any of the Confidential Information, except as required to perform Participant's duties for the Company or its affiliates; or (C) while employed and thereafter, publish, release, disclose or deliver or otherwise make available to any third party any Confidential Information by any communication, including oral, documentary, electronic or magnetic information transmittal device or media. Upon Termination, Participant shall return all Confidential Information and all other property of the Company. This obligation of non-disclosure and non-use of information shall continue to exist for so long as such information remains Confidential Information.

(b) *Non-Competition.* During any period in which Participant is employed by the Company, and during a period of time after Participant's Termination (the "Restriction Period") which, unless otherwise limited by applicable state law, is (i) twenty-four (24) months for Executive Vice Presidents and the President & Chief Executive Officer, and (ii) the greater of the period of severance or twelve (12) months for all other Participants, Participant will not, without prior written consent of the Company, directly or through the direction or control of others, obtain a Competitive Position or perform a Restricted Activity in the Restricted Territory for a Competitor, as those terms are defined herein.

(i) Competitive Position means any employment or performance of services with a Competitor (A) the same as or similar to the services that Participant performed for the Company in the last twenty-four (24) months of Participant's employment with Company (the "Look Back Period"), or (B) in the performance of which Participant will likely use any Confidential Information of the Company.

(ii) Restricted Territory means any geographic area in which the Company does business and which Participant provided services in, had responsibility for, had a material presence or influence in, or had access to Confidential Information about, such business, within the Look Back Period.

(iii) Restricted Activity means any activity for which Participant had responsibility for the Company or about which Participant had Confidential Information within the Look Back Period.

(iv) Competitor means any entity or individual (other than the Company) engaged in any one or more of the following: management of network-based managed care plans and programs; administration of managed care services; provision of health insurance, long-term care insurance, dental, life, or disability insurance; administration of flexible spending accounts, COBRA continuation coverage, coordination of benefits, or subrogation services; or the provision, delivery, or administration of health benefit plans or health care services such as pharmacy benefits management (including Specialty pharmacy), value-based care delivery, behavioral health, palliative care, care for chronic and complex conditions, digital healthcare platforms, medical benefits management solutions, or health care research (including health economics and outcomes); or any other aspects of the business or products or services offered by the Company, as to which Participant had responsibilities or received Confidential Information about, during the Look Back Period.

(v) The restrictions contained in this subsection (b) shall not apply to attorneys who accept a Competitive Position that consists of practicing law.

(vi) If Participant receives an offer of a Competitive Position with a Competitor, as those terms are defined above, Participant shall notify the Company's Chief Human Resources Officer, via the contact information provided in the Summary, within five business days of receiving the offer and such notification shall include a detailed description of the job responsibilities and the identity of the Competitor. The description must be specific enough for the Company to determine whether Participant's new opportunity constitutes a violation of the Agreement.

(c) *Non-Solicitation of Customers.* During any period in which Participant is employed by the Company, and during the Restriction Period after Participant's Termination, Participant will not, either individually or as an employee, partner, consultant, independent contractor, owner, agent, or in any other capacity, directly or through the direction or control of others, for a Competitor of the Company as defined in subsection (b) above:

(i) Solicit business from any client, account, or medical care provider of the Company that Participant had contact with, participated in contact with, had or shared responsibility for, or had access to Confidential Information about, during the Look Back Period; or

(ii) solicit business from any client, account, or medical care provider that the Company pursued, and Participant had contact with, responsibility for, or knowledge of Confidential Information about, by reason of Participant's employment with the Company, during the Look Back Period.

For purposes of this paragraph (c), an individual policyholder in a plan maintained by the Company or by a client or account of the Company under which individual policies are issued, or a certificate holder in such plan under which group policies are issued, shall not be considered a client or account subject to this restriction solely by reason of being such a policyholder or certificate holder.

(d) *Non-Solicitation of Employees.* During any period in which Participant is employed by the Company, and during the Restriction Period after Participant's Termination, Participant will not, either individually or as an employee, partner, independent contractor, owner, agent, or in any other capacity, directly or through the direction or control of others, solicit, hire, attempt to solicit or hire, or participate in any attempt to solicit or hire, for any non-Company entity, any individual who, on or during the six (6) months immediately preceding the dates of such solicitation or hire, is or was an officer or employee of the Company and:

(i) Whom Participant knows to have access to or possession of Confidential Information that would give an unfair advantage to a Competitor;

(ii) Who, on or at any time during the six (6) months immediately preceding the date of such solicitation or hire, held the position of Director or above with the Company;

(iii) To whom Participant reported, or who reported to Participant, on or at any time during the six (6) months immediately preceding the dates of such solicitation or hire; or

(iv) Whom Participant was involved in recruiting while Participant was employed by the Company.

(e) *Non-Disparagement.* Subject to the limitations in Section 7(f) below, Participant agrees that he/she will not, nor will he/she cause or assist any other person to, make any statement to a third party or take any action which is intended to or would reasonably have the effect of disparaging or harming the Company or the business reputation of the Company's directors, employees, officers, or managers, or make any verbal or written statement to any media outlet regarding the Company.

(f) *Agreement Limitations*. Nothing in this Agreement prohibits Participant from (i) disclosing Workplace Conduct or the existence of a settlement involving Workplace Conduct that concerns conduct that Participant reasonably believes under state, federal, or common law to be illegal harassment, illegal retaliation, a wage & hour violation, or sexual assault, or that is recognized as against a clear mandate of public policy; (ii) disclosing Workplace Conduct that Participant has reason to believe is otherwise unlawful; or (iii) reporting possible violations of law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, the Congress, and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of any federal, state, or local law or regulation. "Workplace Conduct" means conduct occurring in the workplace, at work-related events coordinated by or through the Company, or between Employees, or between the Company and any Employee, off the workplace premises. Participant does not need the prior authorization of the Company to make any such reports or disclosures and Participant is not required to notify the Company that Participant has made such reports or disclosures. Disclosures protected by this Section may include a disclosure of trade secret information provided that it must comply with the restrictions in the Defend Trade Secrets Act of 2016 (DTSA). The DTSA provides that no individual will be held criminally or civilly liable under Federal or State trade secret law for the disclosure of a trade secret that: (i) is made in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and made solely for the purpose of reporting or investigating a suspected violation of law; or, (ii) is made in a complaint or other document if such filing is under seal so that it is not made public. Also, an individual who pursues a lawsuit for retaliation by an employer for reporting a suspected violation of the law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal, and does not disclose the trade secret, except as permitted by court order. If Participant is covered by Section 7 of the National Labor Relations Act (NLRA) because Participant is not in a supervisor or management role, nothing in this Agreement shall prohibit Participant from using information Participant acquires regarding the wages, benefits, or other terms and conditions of employment at the Company for any purpose protected under the NLRA.

8. Return of Consideration.

(a) If at any time Participant breaches any provision of this Agreement, then:

(i) All unexercised stock options under any Designated Plan (defined below) whether or not otherwise vested shall cease to be exercisable and shall immediately terminate;

(ii) Participant shall forfeit any outstanding restricted stock, restricted stock unit, or other outstanding equity award made under any Designated Plan and not otherwise vested on the date of breach; and

(iii) Participant shall pay to the Company (A) for each share of common stock of the Company ("Common Share") acquired on exercise of an option under a Designated Plan within the 24 months prior to such breach, the excess of the fair market value of a Common Share on the date of exercise over the exercise price, and (B) for each share of restricted stock, restricted stock unit and/or performance stock unit that became vested under any Designated Plan within the 24 months prior to such breach, the fair market value (on the date of vesting) of a Common Share.

Any amount to be repaid pursuant to this Section 8 shall be held by Participant in constructive trust for the benefit of the Company and shall, upon written notice from the Company, within 10 days of such notice, be paid by Participant to the Company. Any amount described in clauses (i) and (ii) that Participant forfeits as a result of a breach of the provisions of Section 7 shall not reduce any money damages that would be payable to the Company as compensation for such breach and shall not reduce or alter the Company's ability to recover payment of severance based on Participant's breach of a restrictive covenant in any severance plan or arrangement between the Company and Participant.

(b) The amount to be repaid pursuant to this Section shall be determined on a gross basis, without reduction for any taxes incurred or withheld, as of the date of the realization event, and without regard to any subsequent change in the fair market value of a Common Share. The Company shall have the right to offset such amount against any amounts otherwise owed to Participant by the Company (whether as wages, vacation pay, or pursuant to any benefit plan or other compensatory arrangement other than any amount pursuant to any nonqualified deferred compensation plan under Section 409A of the Code).

(c) For purposes of this Section 8, a "Designated Plan" is each stock option, restricted stock, or other equity compensation or long-term incentive compensation plan under which Participant has received equity awards from the Company.

(d) The return of consideration under this Section 8 is meant to reimburse the Company for some of the harm caused by Participant's wrongful conduct; however, it is not a full measure of the damage caused by Participant's conduct and does not preclude the Company from seeking the recovery of any and all damages caused by Participant and injunctive relief.

9. Equitable Relief, Remedies, Reformation, Assignment, Jury Trial Waiver, and Miscellaneous

(a) Participant acknowledges that each provision of Sections 7 and 8 of this Agreement is reasonable and necessary to preserve the legitimate business interests of the Company, its present and potential business activities and the economic benefits derived therefrom; that they will not prevent him or her from earning a livelihood in Participant's chosen business and are not an undue restraint on the trade of Participant, or any of the public interests which may be involved.

(b) Participant agrees that beyond the amounts otherwise to be provided under Section 8 this Agreement, the Company will be damaged by a violation of the terms of this Agreement and the amount of such damage may be difficult to measure. Participant agrees that if Participant commits or threatens to commit a breach of any of the covenants and agreements contained in Section 7 then, to the extent permitted by applicable law, the Company shall have the right to seek and obtain all appropriate injunctive and other equitable remedies, without posting bond therefor, except as required by law, in addition to any other rights and remedies that may be available at law or under this Agreement, it being acknowledged and agreed that any such breach would cause irreparable injury to the Company and that money damages would not provide an adequate remedy. Tolling: Further, if Participant violates Section 7 hereof Participant agrees that the period of violation shall be added to the period in which Participant's activities are restricted.

(c) The parties agree that the covenants contained herein are severable. If an arbitrator or court shall hold that the duration, scope, area, or activity restrictions stated herein are unreasonable under circumstances then existing, or under applicable state law, the arbitrator or court shall reform or modify the restrictions or enforce the restrictions to such lesser extent as is allowed by law.

(d) EACH PARTY, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY AS TO ANY ISSUE RELATING HERETO IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT.

(e) In the event of a breach of this Agreement, the prevailing party shall be entitled to the recovery of its reasonable attorneys' fees and expenses (including not only costs of court, but also expert fees, travel expenses, and other expenses incurred), and any other legal or equitable relief allowed by law.

(f) Nothing in this Agreement limits or reduces any common law or statutory duty Participant owes to the Company, nor does this Agreement limit or eliminate any remedies available to the Company for a violation of such duties. This Agreement will survive the expiration or termination of Participant's employment with the Company and/or any assignee pursuant to Section 9(g) and shall, likewise, continue to apply and be valid notwithstanding any change in Participant's duties, responsibilities, position, or title. Nothing in this Agreement creates a contract for term employment or limits either party's right to end the employment relationship between them.

(g) This Agreement, including the restrictions on Participant's activities set forth herein, also applies to any parent, subsidiary, affiliate, successor and assign of the Company to which Participant provides services or about which Participant receives Confidential Information. The Company shall have the right to assign this Agreement at its sole election without the need for further notice to or consent by Participant.

(h) This instrument and the Plan contain the entire agreement between the Parties with respect to the subject matter hereof (the grant of the RSUs contemplated by this Agreement). All representations, promises, and prior or contemporaneous understandings regarding this RSU grant are merged into, and expressed in this instrument. If Participant is subject to a prior agreement with the Company containing confidentiality, nonsolicitation, noncompetition and/or invention assignment provisions, then such prior agreement(s) shall remain in place and survive and be read together with the restrictions in this Agreement to afford the Company the greatest protection allowed by law. By accepting this Agreement, Participant agrees that the applicable provisions of Appendix A shall apply to any and all outstanding equity awards previously granted by the Company to Participant. This Agreement shall not be amended, modified, or supplemented without the written agreement of the Parties at the time of such amendment, modification, or supplement and must be signed by an officer of the Company (unless such amendment, modification, or supplementation is by order of a court or arbitrator). The headings herein are for convenience only and shall not affect the terms of the Agreement.

10. Survival of Provisions. The obligations contained in this Agreement shall survive the Termination of Participant's employment with the Company according to their terms and shall be fully enforceable thereafter.

11. Cooperation. Upon the receipt of reasonable notice from the Company (including from outside counsel to the Company), Participant agrees that while employed by the Company and for two years (or, if longer, for so long as any claim referred to in this Section remains pending) after Participant's Termination, Participant will respond and provide information with regard to matters in which Participant has knowledge as a result of Participant's employment with the Company, and will provide reasonable assistance to the Company, its Affiliates and their respective representatives in defense of any claims that may be made against the Company or any Affiliate, and will assist the Company and its Affiliates in the prosecution of any claims that may be made by the Company or any Affiliate, to the extent that such claims may relate to the period of Participant's employment with the Company (or any predecessor); provided, that with respect to periods after Participant's Termination, the

Company shall reimburse Participant for any out-of-pocket expenses incurred in providing such assistance and if Participant is required to provide more than ten (10) hours of assistance per week after Participant's Termination then the Company shall pay Participant a reasonable amount of money for his/her services at a rate agreed to between the Company and Participant; and provided further that after Participant's Termination such assistance shall not unreasonably interfere with Participant's business or personal obligations. Participant agrees to promptly inform the Company if Participant becomes aware of any lawsuits involving such claims that may be filed or threatened against the Company or any Affiliate. Participant also agrees to promptly inform the Company (to the extent Participant is legally permitted to do so) if Participant is asked to assist in any investigation of the Company or any Affiliate (or their actions), regardless of whether a lawsuit or other proceeding has then been filed against the Company or any Affiliate with respect to such investigation and shall not do so unless legally required. Provided, however, that Participant is not required to inform the Company of any investigation by a governmental agency or entity resulting from the reporting of possible violations of federal securities law or regulation to any governmental agency or entity, and Participant may participate in such investigation, without informing the Company.

12. No Rights as a Shareholder. Participant shall have no rights of a shareholder (including, without limitation, dividend and voting rights) with respect to the Performance Stock Units, for record dates occurring on or after the Grant Date and prior to the date any such Performance Stock Units vest in accordance with this Agreement.

13. No Right to Continued Employment. Neither the Performance Stock Units nor any terms contained in this Agreement shall confer upon Participant any express or implied right to be retained in the employment or service of the Company or any Affiliate for any period, nor restrict in any way the right of the Company, which right is hereby expressly reserved, to terminate Participant's employment or service at any time for any reason, subject to applicable law. Participant acknowledges and agrees that any right to have restrictions on the Performance Stock Units lapse is earned only by continuing as an Employee of the Company or an Affiliate or satisfaction of any other applicable terms and conditions contained in the Plan and this Agreement, and not through the act of being hired, being granted the Performance Stock Units, or acquiring Shares hereunder.

14. The Plan. This Agreement is subject to all the terms, provisions, and conditions of the Plan, which are incorporated herein by reference, and to such regulations as may from time to time be adopted by the Committee. Unless defined herein, capitalized terms are as defined in the Plan. In the event of any conflict between the provisions of the Plan and this Agreement, the provisions of the Plan shall control, and this Agreement shall be deemed to be modified accordingly. The Plan and the prospectus describing the Plan can be found on the Company's HR intranet. A paper copy of the Plan and the prospectus shall be provided to Participant upon Participant's written request to the Company at Elevance Health, Inc., 220 Virginia Avenue, Indianapolis, Indiana 46204, Attention: Corporate Secretary, Shareholder Services Department.

15. Compliance with Laws and Regulations.

(a) The Performance Stock Units and the obligation of the Company to deliver Shares hereunder shall be subject in all respects to (i) all applicable Federal and state laws, rules, and regulations and (ii) any registration, qualification, approvals, or other requirements imposed by any government or regulatory agency or body which the Committee shall, in its discretion, determine to be necessary or applicable. Moreover, the Company shall not deliver any certificates for Shares to Participant or any other person pursuant to this Agreement if doing so would be contrary to applicable law. If at any time the Company determines, in its discretion, that the listing, registration or qualification of Shares upon any national securities exchange or under any state or Federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable, the Company shall not be required to deliver any certificates for Shares to Participant or any other person pursuant to this Agreement unless and until such listing, registration, qualification, consent or approval has been effected or obtained, or otherwise provided for, free of any conditions not acceptable to the Company.

(b) The Shares received upon the expiration of the applicable portion of the Performance Period shall have been registered under the Securities Act of 1933 ("Securities Act"). If Participant is an "affiliate" of the Company, as that term is defined in Rule 144 under the Securities Act ("Rule 144"), Participant may not sell the Shares received except in compliance with Rule 144. Certificates representing Shares issued to an "affiliate" of the Company may bear a legend setting forth such restrictions on the disposition or transfer of the Shares as the Company deems appropriate to comply with Federal and state securities laws.

(c) If, at any time, the Shares are not registered under the Securities Act, and/or there is no current prospectus in effect under the Securities Act with respect to the Shares, Participant shall execute, prior to the delivery of any Shares to Participant by the Company pursuant to this Agreement, an agreement (in such form as the Company may specify) in which Participant represents and warrants that Participant is purchasing or acquiring the shares acquired under this Agreement for Participant's own account, for investment only and not with a view to the resale or distribution thereof, and represents and agrees that any subsequent offer for sale or distribution of any kind of such Shares shall be made only pursuant to either (i) a registration statement on an appropriate form under the Securities Act, which registration statement has become effective and is current with regard to the Shares being offered or sold, or (ii) a specific exemption from the registration requirements of the Securities Act, but in claiming such exemption Participant shall, prior to any offer for sale of such Shares, obtain a prior favorable written opinion, in form and substance satisfactory to the Company, from counsel for or approved by the Company, as to the applicability of such exemption thereto.

16. Code Section 409A Compliance. Except with respect to Participants who are Retirement eligible or become Retirement eligible before the calendar year containing the Vesting Date as shown on the Grant Notice, it is intended that this Agreement meet the short-term deferral exception from Code Section 409A. This Agreement and the Plan shall be administered in a manner consistent with this intent and any provision that would cause the Agreement or Plan to fail to satisfy this exception shall have no force and effect. Notwithstanding anything contained herein to the contrary, Shares in respect of any Performance Stock Units that (a) constitute "nonqualified deferred compensation" as defined in Code Section 409A and (b) vest as a consequence of Participant's Termination shall not be delivered until the date that Participant incurs a "separation from service" within the meaning of Code Section 409A (or, if Participant is a "specified employee" within the meaning of Code Section 409A and the regulations promulgated thereunder, the date that is six months following the date of such "separation from service" (or death, if earlier). In addition, each amount to be paid or benefit to be provided to Participant pursuant to this Agreement that constitutes deferred compensation subject to Code Section 409A, shall be construed as a separate identified payment for purposes of Code Section 409A.

17. Notices. All notices by Participant or Participant's assignees shall be addressed to Elevance Health, Inc., 220 Virginia Avenue, Indianapolis, Indiana 46204, Attention: Stock Administration, or such other address as the Company may from time to time specify. All notices to Participant shall be addressed to Participant at Participant's address in the Company's records.

18. Other Plans. Participant acknowledges that any income derived from the Performance Stock Units shall not affect Participant's participation in, or benefits under, any other benefit plan or other contract or arrangement maintained by the Company or any Affiliate.

19. Recoupment Policy for Incentive Compensation. The Company's Recoupment Policy for Incentive Compensation, as may be amended from time to time, shall apply to the Performance Stock Units, any Shares delivered hereunder, and any profits realized on the sale of such Shares to the extent that Participant is covered by such policy. If Participant is covered by such policy, the policy may apply to recoup Performance Stock Units awarded, any Shares delivered hereunder or profits realized on the sale of such Shares either before, on or after the date on which Participant becomes subject to such policy.

ELEVANCE HEALTH, INC.
By: _____
Printed:
Its: Chair, Compensation and Talent Committee
of the Board of Directors

**APPENDIX A**

Alabama:

If Alabama law is deemed to apply, then the following applies to Participant: (a) Section 7(d) is rewritten as follows: "While employed and for a period of twelve (12) months from Termination, Participant will not participate in soliciting any Covered Employee of the Company who is in a Sensitive Position to leave the employment of the Company on behalf of (or for the benefit of) a Competitor nor will Participant knowingly assist a Competitor in efforts to hire a Covered Employee away from the Company. As used in this Section 7(d), a "Covered Employee" is an Employee with whom Participant worked, as to whom Participant had supervisory responsibilities, or regarding which Participant received Confidential Information during the Look Back Period. An Employee in a "Sensitive Position" refers to an Employee who is uniquely essential to the management, organization, or service of the business;" and (b) Section 7(c) is limited to prohibiting the solicitation of persons or entities who have a current business relationship with the Company.

Arizona:

If Arizona law is deemed to apply, then the following applies to Participant: (a) Participant's nondisclosure obligation in Section 7 shall extend for a period of three (3) years after Participant's Termination as to Confidential Information that does not qualify for protection as a trade secret. Trade secret information shall be protected from disclosure as long as the information at issue continues to qualify as a trade secret; and (b) the restrictions in Section 7(c) shall be limited to the Restricted Territory.

Arkansas, Connecticut, Montana, and South Carolina:

If Arkansas, Connecticut, Montana, or South Carolina law is deemed to apply, then the following applies to Participant: Participant's nondisclosure obligation in Section 7 shall extend for a period of three (3) years after Participant's Termination as to Confidential Information that does not qualify for protection as a trade secret. Trade secret information shall be protected from disclosure as long as the information at issue continues to qualify as a trade secret.

California:

If California law is deemed to apply, then the following applies to Participant: (a) the noncompetition restriction in Section 7(b) shall not apply; (b) the Employee non-solicitation restrictions in Section 7(d) shall not apply; and (c) Section 7(c) shall be limited to situations where Participant is aided in his or her conduct by the use or disclosure of the Company's trade secrets (as defined by applicable law).

Colorado:

If Colorado law is deemed to apply, then the following applies to Participant:

(a) Section 7(b) shall apply only if Participant earns Annualized Cash Compensation equivalent to or greater than the Threshold Amount for Highly Compensated Workers and to the extent that the conduct in violation of Section 7(b) is aided by Participant's use or disclosure of the Company's trade secrets.

(b) Section 7(c) shall apply only if Participant earns Annualized Cash Compensation equivalent to or greater than sixty percent (60%) of the Threshold Amount for Highly Compensated Workers and to the extent that the conduct in violation of Section 7(c) is aided by Participant's use or disclosure of the Company's trade secrets.

(c) Section 7(d) shall not apply.

(d) "Annualized Cash Compensation" means: (1) the amount of gross salary or wage amount, the fee amount, or other compensation amount for the full year, if the worker was employed or engaged for a full year; or (2) the compensation that the worker would have earned, based on the worker's gross salary or wage amount, fee, or other compensation if the worker was not employed or engaged for a full year. In determining whether a worker's cash compensation exceeds the threshold amount, where the worker has been employed for less than a calendar year, the worker's cash compensation exceeds the threshold amount if the worker would reasonably expect to earn more than the threshold amount during a calendar year of employment.

(e) "Threshold Amount for Highly Compensated Workers" means the greater of the threshold amount for highly compensated workers as determined by the Division of Labor Standards and Statistics in the Department of Labor and Employment, as of August 10, 2022 or the date Participant accepts this Agreement.

(f) Nothing contained in this Agreement shall be construed to prohibit Participant from disclosing information that: (1) arises from Participant's general training, knowledge, skill, or experience, whether gained on the job or otherwise; (2) is readily ascertainable to the public; or (3) a worker otherwise has a right to disclose as legally protected conduct.

(g) Participant acknowledges that Participant received notice of this Agreement (including, but not limited to, the provisions of Section 7: (1) before Participant accepted the Company's offer of employment (if Participant is a new hire); or (2) at least fourteen (14) days before the earlier of (I) Participant's acceptance of this Agreement, or (II) the effective date of any additional compensation or change in the terms or conditions of employment that provides consideration for the covenants in Section 7.

Illinois:

If Participant resides in Illinois and is subject to Illinois law, then:

(a) The provisions of Section 7(c) shall apply only if Participant's Earnings, as defined by the Illinois Freedom to Work Act, exceed $45,000 per year in 2022-2026, $47,500 per year in 2027-2031, $50,000 per year in 2032-2036, and $52,500 beginning on January 1, 2037;

(b) The provisions of Section 7(d) shall apply only if Participant's Earnings, as defined by the Illinois Freedom to Work Act, exceed $45,000 per year in 2022-2026, $47,500 per year in 2027-2031, $50,000 per year in 2032-2036, and $52,500 beginning on January 1, 2037;

(d) The provisions of Section 7(b) shall apply only if Participant's Earnings, as defined by the Illinois Freedom to Work Act, exceed $75,000 per year in 2022-2026, $80,000 per year in 2027-2031, $85,000 per year in 2032-2036, and $90,000 beginning on January 1, 2037;

(e) Section 7 shall not apply if Participant is terminated or furloughed or laid off as a result of business circumstances or governmental orders related to the COVID-19 pandemic or under circumstances that are similar to the COVID-19 pandemic, unless the Company informs Participant in writing that it will be intending to enforce the provisions of Section 7 and will be paying Participant compensation equivalent to Participant's base salary at the time of termination for the period of enforcement minus compensation earned through subsequent employment during the period of enforcement;

(f) The provisions of Section 7(b) shall not apply if Participant is covered by a collective bargaining agreement under the Illinois Public Relations Act;

(g) Participant's nondisclosure obligation in Section 7 shall extend for a period of three (3) years after Participant's Termination as to Confidential Information that does not qualify for protection as a trade secret. Trade secret information shall be protected from disclosure as long as the information at issue continues to qualify as a trade secret;

(h) Participant acknowledges that Participant has been advised to consult with an attorney about this Agreement and has been given an opportunity to do so; and

(i) If Participant is a new hire, Participant acknowledges that Participant has been provided a copy of this Agreement at least 14 calendar days before the commencement of employment. If Participant is an existing Employee, Participant acknowledges that Participant has been given at least 14 calendar days to review this Agreement.

Louisiana:

If Louisiana law is deemed to apply, then the following applies to Participant: (a) the "Restricted Territory" defined in Section 7 of the Agreement is understood to cover the following parishes in Louisiana and all counties outside Louisiana where Participant had responsibilities for the Company: Acadia, Allen, Ascension, Assumption, Avoyelles, Beauregard, Bienville, Bossier, Caddo, Calcasieu, Caldwell, Cameron, Catahoula, Claiborne, Concordia, DeSoto, East Baton Rouge, East Carroll, East Feliciana, Evangeline, Franklin, Grant, Iberia, Iberville, Jackson, Jefferson, Jefferson Davis, LaSalle, Lafayette, Lafourche, Lincoln, Livingston, Madison, Morehouse, Natchitoches, Orleans, Ouachita, Plaquemines, Pointe Coupee, Rapides, Red River, Richland, Sabine, St. Bernard, St. Charles, St.

Helena, St. James, St. John The Baptist, St. Landry, St. Martin, St. Mary, St. Tammany, Tangipahoa, Tensas, Terrebonne, Union, Vermilion, Vernon, Washington, Webster, West Baton Rouge, West Carroll, West Feliciana, Winn; and (b) the restrictions in Section 7(c) (as well as Section 7(b)) shall be limited to the foregoing parishes and counties.

Maine:

If Maine law is deemed to apply, then the following applies to Participant: (a) Participant acknowledges that if Participant is a new hire Participant received a copy of this Agreement prior to receiving a formal offer of employment from the Company and was given at least three business days to consider the Agreement before signing; (b) Section 7(b) will not take effect until one year of employment or a period of six months from the date the agreement is signed, whichever is later; and (c) Section 7(b) shall not apply if Participant earns at or below 400% of the federal poverty level.

Maryland:

If Maryland law is deemed to apply, then the following applies to Participant: Section 7(b) shall not apply if Participant earns equal to or less than $15/hour or $31,200 annually.

Massachusetts:

If Participant resides or works in Massachusetts for at least the thirty days preceding Participant's Termination, then the Company will notify Participant within ten (10) business days of Participant's Termination whether the Company decides to waive Section 7(b) or make these provisions enforceable by paying Participant garden leave as provided by the Massachusetts Noncompetition Agreement Act, G.L. c. 149, S. 24L. In addition, if Massachusetts law is deemed to apply, then the following applies to Participant:

(a) Section 7(b) will not apply if Participant's employment is terminated without "cause" or if Participant is terminated as part of a reduction in force. Participant further understands that for the limited purpose of the application of the non-competition clause in Section 7(b) of the Agreement, "cause" to terminate Participant's employment exists if Participant has (i) committed, admitted committing, or plead guilty to a felony or crime involving moral turpitude, fraud, theft, misappropriation, or dishonesty, (ii) violated a material term of this Agreement or Company policy, (iii) engaged in insubordination, or failed or refused to perform assigned duties of Participant's position despite reasonable opportunity to perform, (iv) failed to exercise reasonable care and diligence in the exercise of Participant's duties for the Company, or (iv) engaged in conduct or omissions that Participant knew, or should have known (with the exercise of reasonable care), would cause, or be likely to cause, harm to the Company or its reputation in the business community;

(b) Participant acknowledges that Participant has been advised to consult with an attorney about this Agreement and has been given an opportunity to do so;

(c) the Restricted Period applicable to Section 7(b) shall be limited to a period of one year following Participant's Termination (as well as while Participant is employed by the Company); however, if Participant breaches Section 7(b) of this Agreement, and also breaches Participant's fiduciary duty to the Company and/or has unlawfully taken, physically or electronically, any Company records, then the Restricted Period shall be extended to a period of two (2) years from Termination;

(d) Participant acknowledges that (i) if Participant is being initially hired by the Company, that Participant received a copy of this Agreement prior to receiving a formal offer of employment from the Company or at least ten (10) business days before commencement of Participant's employment by the Company, whichever came first; or (ii) if Participant was already employed by the Company at the time of signing this Agreement, that Participant was provided a copy hereof at least ten (10) business days before the effective date of this Agreement;

(e) the tolling language Section 10(b) shall only apply to any breach of Section 7(c) and (d) (i.e., the tolling language shall not apply to Section 7(b)); and

(f) Section 7(b) shall not apply to Participant following Termination if Participant is: classified as non-exempt under the FLSA; 18 years or younger; or an undergraduate or graduate student in an internship or other short-term employment relationship while enrolled in college or graduate school.

Nebraska:

If Nebraska law is deemed to apply, then the following applies to Participant: (a) Section 7(c) is limited to the solicitation of persons or entitles with which Participant did business and had personal business-related contact during the Look Back Period; and (b) the noncompetition restrictions in Section 7(b) and (c) do not apply.

Nevada:

If Nevada law is deemed to apply, then the following applies to Participant: (a) Section 7 does not preclude Participant from providing services to any former client or customer of the Company if: (1) Participant did not solicit the former customer or client; (2) the customer or client voluntarily chose to leave and seek services from Participant; and (3) Participant is otherwise complying with the limitations in this Agreement as to time and scope of activity to be restrained; and (b) Section 7(b) does not apply if Participant is paid solely an hourly wage, exclusive of tips or gratuities.

New Hampshire:

If New Hampshire law is deemed to apply, then the following applies to Participant: (a) Section 7(b) does not apply if Participant earns an hourly rate less than or equal to 200 percent of the federal minimum wage; and (b) Participant acknowledges that Participant was given a copy of this Agreement prior to a change in job classification or the offer of employment.

New York:

If New York law is deemed to apply, then the following applies to Participant: Section 7(c) shall be modified to exclude those clients or customers who became a client or customer of the Company as a result of Participant’s independent contact and business development efforts with the customer or client prior to and independent from his/her employment with the Company.

North Carolina:

If North Carolina law is deemed to apply, then the following applies to Participant: (a) the Look Back Period shall be calculated looking back twenty-four (24) months from the date of enforcement and not from the date Participant’s employment ends; and (b) Participant’s nondisclosure obligation in Section 7 shall extend for a period of three (3) years after Participant’s Termination as to Confidential Information that does not qualify for protection as a trade secret. Trade secret information shall be protected from disclosure as long as the information at issue continues to qualify as a trade secret.

North Dakota:

If North Dakota law is deemed to apply, then the following applies to Participant: (a) the noncompetition restriction in Section 7(b) shall not apply; and (b) Section 7(c) shall be limited to situations where Participant is aided in his or her conduct by the use or disclosure of the Company’s trade secrets (as defined by applicable law).

Oklahoma:

If Oklahoma law is deemed to apply, then the following applies to Participant: (i) Section 7(c) is limited to preclude only the direct solicitation of established customers of the Company for the purpose of doing any business that would compete with the Company’s business; and (ii) the noncompetition restrictions in Section 7(b) shall not apply.

Oregon:

If Oregon law is deemed to apply, then the following applies to Participant: the restrictions in Section 7(b) shall apply only if Participant: (a) is engaged in administrative, executive or professional work and performs predominantly intellectual, managerial, or creative tasks, exercises discretion and independent judgment and earns a salary or is otherwise exempt from Oregon's minimum wage and overtime laws; (b) the Company has a "protectable interest" (meaning, access to trade secrets or competitively sensitive confidential business or professional information); and (c) the total amount of Participant's annual gross salary and commission, calculated on an annual

basis, at the time of Participant's Termination, exceeds $100,533 adjusted annually for inflation pursuant to the Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics of the United States Department of Labor immediately preceding the calendar year of Participant's Termination. However, if Participant does not meet requirements of either (a) or (c) (or both), the Company may, on a case-by-case basis, decide to make Section 7(b) enforceable as to Participant (as allowed by Oregon law), by agreeing in writing to pay Participant, during the period of time Participant is restrained from competing, the greater of: (i) compensation equal to at least 50 percent of Participant's annual gross base salary and commissions at the time of Termination; or (ii) fifty percent of $100,533 adjusted annually for inflation pursuant to the Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics of the United States Department of Labor immediately preceding the calendar year of Participant's Termination. In addition, if Participant is a new hire, Participant acknowledges that Participant was notified in a written offer of employment received at least two weeks before the commencement of employment that a noncompetition agreement was a condition of employment. If Participant is an existing Employee, Participant acknowledges that this Agreement was entered into upon a subsequent bona fide advancement of Participant by the Company; namely the Company is conferring upon Participant equity awards that, if accepted by Participant, will supplement Participant's compensation.

Puerto Rico:
If Puerto Rico law is deemed to apply, then the following applies to Participant: (a) the Restricted Period and the Look Back Period in Section 7 shall be, in each case, only a period of twelve (12) months; (b) the Restricted Territory shall be limited to the territory of Puerto Rico; (c) the customer restriction in Section 7(c) shall be limited to clients, accounts, and medical care providers that were personally serviced by Participant during the Look Back Period and had an active business relationship with the Company within the last thirty (30) days prior to Participant's Termination; and (d) the tolling provision in Section 10(b) shall not apply.

Rhode Island:
If Rhode Island law is deemed to apply, then Section 7(b) shall not apply to Participant following Termination if Participant is: classified as non-exempt under the FLSA; an undergraduate or graduate student in an internship or short-term employment relationship; 18 years of age or younger; or a low wage Participant (defined as earning less than 250% of the federal poverty level).

Utah:
If Utah law is deemed to apply, then the following applies to Participant: (a) the Restricted Period applicable to Section 7(b) shall be limited to a period of one year following Termination (as well as while Participant is employed by the Company).

Virginia:
If Virginia law is deemed to apply, then the following applies to Participant: (a) Section 7(b)-(d) shall not apply if Participant is a "low wage Participant." A "low wage Participant" refers to a Participant whose average weekly earnings (calculated by dividing Participant's earnings during the period of 52 weeks immediately preceding Termination by 52, or if Participant worked fewer than 52 weeks, by the number of weeks that Participant was actually paid during the 52-week period) are less than the average weekly wage of the Commonwealth of Virginia as determined pursuant to subsection B of Virginia Code § 65.2-500. "Low-wage Participant" includes interns, students, apprentices, or trainees employed, with or without pay, at a trade or occupation in order to gain work or educational experience. "Low-wage Participant" also includes an individual who has independently contracted with another person to perform services independent of an employment relationship and who is compensated for such services by such person at an hourly rate that is less than the median hourly wage for the Commonwealth of Virginia for all occupations as reported, for the preceding year, by the Bureau of Labor Statistics of the U.S. Department of Labor. However, "low-wage Participant" does not include any Participant whose earnings are derived, in whole or in predominant part, from sales commissions, incentives, or bonuses paid to Participant by the Company; (b) Section 7 does not preclude Participant from providing services to any client or customer of the Company if Participant did not initiate contact with or solicit the former customer or client; and (c) Participant's nondisclosure obligation in Section 7(a) shall extend for a period of three (3) years after Participant's Termination as to Confidential Information that does not qualify for protection as a trade secret. Trade secret information shall be protected from disclosure as long as the information at issue continues to qualify as a trade secret.

Washington (state):

If Participant resides in Washington at the time this Agreement is entered, Participant acknowledges that Participant was given ten (10) business days to consider this Agreement before accepting it.

In addition, if Washington law controls, then for so long as Washington law controls, the Agreement will be modified and applied as follows:

(a) Section 7(b) shall apply following Termination only if Participant's annualized earnings from the Company exceed $100,000.00 per year (adjusted annually in accordance with Section 5 of Washington HP 1450), and Section 7(b) shall apply during employment only if Participant earns at least twice the Washington minimum hourly wage (subject to the common law duty of loyalty and the Company's Code of Conduct);

(b) for purposes of the application of the non-competition provision in Section 7(b), Participant understands that the non-competition provision will not be enforced against Participant if Participant is terminated from employment without "cause" or if Participant is laid off, unless the Company pays Participant during the Restricted Period an amount equal to Participant's base salary at Termination less any compensation earned by Participant during the Restricted Period. Participant further understands that for the limited purpose of the application of the non-competition clause in Section 7(b) of the Agreement, "cause" to terminate Participant's employment exists if Participant has (i) committed, admitted committing, or plead guilty to a felony or crime involving moral turpitude, fraud, theft, misappropriation, or dishonesty, (ii) violated a material term of this Agreement or Company policy, (iii) engaged in insubordination, or failed or refused to perform assigned duties of my position despite reasonable opportunity to perform, (iv) failed to exercise reasonable care and diligence in the exercise of Participant's duties for the Company, or (iv) engaged in conduct or omissions that Participant knew, or should have known (with the exercise of reasonable care), would cause, or be likely to cause, harm to the Company or its reputation in the business community; and

(c) Participant further acknowledges that if Participant is a new Employee, Participant has had advance notice of the terms of this Agreement prior to accepting the Company's offer of employment.

Washington, D.C.

Participant acknowledges that Participant was given a copy of Washington, D.C., Council Bill 24-256 ("Bill 24-256") contemporaneously with accepting this Agreement.

If Participant is a "Covered Employee" as defined by Bill 24-256 and Participant is not a "Highly Compensated Employee," as defined by Bill 24-256, the following applies to Participant: (1) Section 7(b) shall not apply; (2) "Confidential Information" shall, in all instances, be limited to information owned or possessed by the Company which is not available to the general public and which the Company has taken reasonable steps to ensure is protected from improper disclosure; (3) Participant is precluded, during Participant's employment with the Company, from accepting money or a thing of value for performing work for a person other than the Company, where doing so can reasonably be concluded to result in (a) Participant's disclosure or use of Confidential Information or "Proprietary employer information," as defined by Bill 24-256; (b) a conflict with the Company's established rules regarding conflicts of interest, or (c) impairment of the Company's ability to comply with federal law, the law of the District of Columbia, or a contract or grant agreement.

If Participant is a "Covered Participant" as defined by Bill 24-256 and Participant is a "Highly Compensated Participant," as defined by Bill 24-256, the following applies to Participant: (1) Participant acknowledges that Participant was given a copy of this Agreement at least 14 days before Participant commenced employment for the Company (if Participant is a new hire) or Participant was given a copy of this Agreement at least 14 days before Participant was required to accept this Agreement (if Participant is an existing Employee); (2) "Confidential Information" shall, in all instances, be limited to information owned or possessed by the Company which is not available to the general public and which the Company has taken reasonable steps to ensure is protected from improper disclosure; (3) the Restricted Period for purposes of the non-competition provision in Section 7(b) shall be limited to a period of twelve (12) months following Termination (and while Participant is employed by the

Company); and (4) Participant is notified that The District of Columbia Ban on Non-Compete Agreements Amendment Act of 2020 limits the use of non-compete agreements. It allows employers to request non-compete agreements from "highly compensated employees" under certain conditions. The Company has determined that you are a highly compensated employee. For more information about the Ban on Non-Compete Agreements Amendment Act of 2020, contact the District of Columbia Department of Employment Services (DOES).

Wisconsin:

If Wisconsin law is deemed to apply, then the following applies to Participant: (a) Participant's nondisclosure obligation in Section 7 shall extend for a period of three (3) years after Participant's Termination as to Confidential Information that does not qualify for protection as a trade secret. Trade secret information shall be protected from disclosure as long as the information at issue continues to qualify as a trade secret; (b) the tolling provision in Section 10(b) shall not apply; and (c) Section 7(d) is rewritten as follows: "While employed and for a period of twelve (12) months following Termination, Participant will not participate in soliciting any "Covered Employee" of the Company that is in a "Sensitive Position" to leave the employment of the Company on behalf of (or for the benefit of) a Competitor; nor will Participant knowingly assist a Competitor in efforts to hire a Covered Employee away from the Company. As used in this Section 7(d), a "Covered Employee" is an Employee with whom Participant worked, as to whom Participant had supervisory responsibilities, or regarding whom Participant received Confidential Information during the Look Back Period. A Participant in a "Sensitive Position" refers to an Employee who is in a management, supervisory, sales, research and development, or similar role where the Employee is provided Confidential Information or is involved in business dealings with the Company's clients."

**Exhibit 31.1**

**CERTIFICATION PURSUANT TO**
**RULE 13a-14(a) AND RULE 15d-14(a) OF THE EXCHANGE ACT RULES,**
**AS ADOPTED PURSUANT TO**
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Gail K. Boudreaux, certify that:

1. I have reviewed this report on Form 10-Q of Elevance Health, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 19, 2023

/s/ GAIL K. BOUDREAUX
President and Chief Executive Officer

**Exhibit 31.2**

**CERTIFICATION PURSUANT TO**
**RULE 13a-14(a) AND RULE 15d-14(a) OF THE EXCHANGE ACT RULES,**
**AS ADOPTED PURSUANT TO**
**SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, John E. Gallina, certify that:

1. I have reviewed this report on Form 10-Q of Elevance Health, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

April 19, 2023

/s/ JOHN E. GALLINA

Executive Vice President and
Chief Financial Officer

**Exhibit 32.1**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Elevance Health, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gail K. Boudreaux, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ GAIL K. BOUDREAUX

Gail K. Boudreaux
President and Chief Executive Officer
April 19, 2023

**Exhibit 32.2**

**CERTIFICATION PURSUANT TO**
**18 U.S.C. SECTION 1350,**
**AS ADOPTED PURSUANT TO**
**SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Elevance Health, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2023 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, John E. Gallina, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JOHN E. GALLINA

John E. Gallina
Executive Vice President and Chief Financial Officer
April 19, 2023