

Arizona Physicians IPA, Inc.

Financial Statements as of and for the
Years Ended December 31, 2025 and 2024,
Supplemental Schedules as of and for the
Year Ended December 31, 2025,
Independent Auditor's Report

ARIZONA PHYSICIANS IPA, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Arizona Physicians IPA, Inc.
1 East Washington Street, Suite 900
Phoenix, AZ 85004

Opinion

We have audited the financial statements of Arizona Physicians IPA, Inc. (the "Company"), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of operations, comprehensive income, changes in stockholder's equity and accumulated other comprehensive (loss) income, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplemental Schedules

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information in Exhibit I and Exhibit II are not part of financial statements; however, they are a requirement of the Arizona Health Care Cost Containment System ("AHCCCS") who considers these schedules an essential part of financial reporting for purposes of placing the basic financial statement in an appropriate operational, economic, and historical context. These schedules are the responsibility of the Company's management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such schedules have been subjected to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such schedules directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In forming our opinion on the supplemental schedules, we evaluated whether the Sub-Capitated Expenses Report, including their form and content, are presented in conformity with AHCCCS's Financial Reporting Guide effective October 1, 2025 (the "Guide").

In our opinion, such schedules are fairly stated, in all material respects, in relation to the 2025 financial statements as a whole, and the form and content are presented in conformity with the Guide.

Deloitte & Touche LLP

May 20, 2026

ARIZONA PHYSICIANS IPA, INC.

**BALANCE SHEETS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

	2025	2024
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 17,710,209	\$ 80,091,582
Short-term investments	78,944,854	19,452,166
Premiums receivable	125,964,049	82,145,575
AHCCCS reinsurance receivable	31,269,651	44,478,329
Other contract program receivables	68,583,886	36,475,248
Other receivables—net of allowances of \$8,237,890 and \$5,162,887 in 2025 and 2024, respectively	11,675,778	11,288,282
Related-party receivables — net	8,003,427	2,308,831
Investment interest receivables	7,528,290	7,538,989
Other assets	1,983,361	7,525,354
Total current assets	<u>351,663,505</u>	<u>291,304,356</u>
LONG-TERM ASSETS:		
Long-term investments	916,985,382	910,696,953
Intangible assets — net	13,935,497	16,226,264
Long-term deferred income taxes	11,236,425	15,522,565
Total long-term assets	<u>942,157,304</u>	<u>942,445,782</u>
TOTAL	<u>\$ 1,293,820,809</u>	<u>\$ 1,233,750,138</u>
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES:		
Medical services payable	\$ 368,661,870	\$ 337,983,005
Medicaid risk sharing payable	60,918,194	279,476,382
Other payables to contract programs	75,866,453	671,692
Accounts payable and accrued expenses	33,299,341	31,304,374
Current federal income taxes payable	25,892,704	7,511,675
Total current liabilities	<u>564,638,562</u>	<u>656,947,128</u>
Total liabilities	<u>564,638,562</u>	<u>656,947,128</u>
CONTINGENCIES (Note 5)		
STOCKHOLDER'S EQUITY:		
Common stock, \$0.01 par value — 1,000,000 shares authorized; two shares issued and outstanding	—	—
Additional paid-in capital	77,516,394	77,516,394
Retained earnings	667,220,833	536,403,888
Accumulated other comprehensive loss	(15,554,980)	(37,117,272)
Total stockholder's equity	<u>729,182,247</u>	<u>576,803,010</u>
TOTAL	<u>\$ 1,293,820,809</u>	<u>\$ 1,233,750,138</u>

See notes to financial statements.

ARIZONA PHYSICIANS IPA, INC.

**STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

	2025	2024
REVENUES:		
Capitation and risk-sharing settlements	\$ 4,721,984,988	\$ 4,464,906,721
Delivery supplemental premiums	44,820,580	50,546,940
Investment income — net	47,268,530	55,342,435
	<u>4,814,074,098</u>	<u>4,570,796,096</u>
Total revenues		
MEDICAL SERVICES EXPENSES — Net	4,259,983,053	3,875,286,799
ADMINISTRATIVE EXPENSES	334,477,400	333,179,784
PREMIUM TAXES	<u>55,057,144</u>	<u>54,763,703</u>
Total expenses	<u>4,649,517,597</u>	<u>4,263,230,286</u>
INCOME BEFORE INCOME TAXES	164,556,501	307,565,810
PROVISION FOR INCOME TAXES	<u>33,739,556</u>	<u>63,777,511</u>
NET INCOME	<u>\$ 130,816,945</u>	<u>\$ 243,788,299</u>

See notes to financial statements.

ARIZONA PHYSICIANS IPA, INC.

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

	2025	2024
NET INCOME	\$ 130,816,945	\$ 243,788,299
OTHER COMPREHENSIVE INCOME (LOSS):		
Gross unrealized holding gains (losses) on investment securities during the period	27,884,963	(4,244,012)
Income tax effect	<u>(5,855,842)</u>	<u>891,243</u>
Total unrealized gains (losses) - net of tax	<u>22,029,121</u>	<u>(3,352,769)</u>
Gross reclassification adjustment for net realized gains included in net earnings	590,923	4,241,715
Income tax effect	<u>(124,094)</u>	<u>(890,760)</u>
Total reclassification adjustment - net of tax	<u>(466,829)</u>	<u>(3,350,955)</u>
OTHER COMPREHENSIVE INCOME (LOSS)	<u>21,562,292</u>	<u>(6,703,724)</u>
COMPREHENSIVE INCOME	<u>\$ 152,379,237</u>	<u>\$ 237,084,575</u>

See notes to financial statements.

ARIZONA PHYSICIANS IPA, INC.

STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY AND ACCUMULATED OTHER COMPREHENSIVE LOSS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	Common Stock Shares	Amount	Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholder's Equity
BALANCE — January 1, 2024	2	\$ —	\$ 77,516,394	\$ 392,615,589	\$ (30,413,548)	\$ 439,718,435
Comprehensive income:						
Net income	—	—	—	243,788,299	—	243,788,299
Change in net unrealized gains on investments available-for-sale — net of tax effects and reclassification adjustments	—	—	—	—	(3,352,769)	(3,352,769)
Reclassification adjustments for net realized gains included in net income — net of tax effects	—	—	—	—	(3,350,955)	(3,350,955)
Total comprehensive income	—	—	—	(100,000,000)	—	(100,000,000)
Dividends	—	—	—	—	—	237,084,575
BALANCE — December 31, 2024	2	—	77,516,394	536,403,888	(37,117,272)	576,803,010
Comprehensive income:						
Net income	—	—	—	130,816,945	—	130,816,945
Change in net unrealized gains on investments available-for-sale — net of tax effects and reclassification adjustments	—	—	—	—	22,029,121	22,029,121
Reclassification adjustments for net realized gains included in net income — net of tax effects	—	—	—	—	(466,829)	(466,829)
Total comprehensive income	—	—	—	—	—	152,379,237
BALANCE — December 31, 2025	2	\$ —	\$ 77,516,394	\$ 667,220,833	\$ (15,554,960)	\$ 729,182,247

See notes to financial statements.

ARIZONA PHYSICIANS IPA, INC.

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024**

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 130,816,945	\$ 243,788,299
Adjustments to reconcile net income to net cash used in operating activities:		
Amortization of other intangible assets — net	2,290,767	2,290,767
Amortization of investment premium — net	297,425	(2,628,024)
Deferred income taxes — net	(1,445,609)	(1,304,163)
Gains on sale of investments — net	(590,924)	(4,232,294)
Change in operating assets and liabilities:		
Premiums receivable	(43,818,474)	895,607
AHCCCS reinsurance receivable	13,208,678	(16,885,681)
Other contract program receivables	(8,026,044)	2,271,835
Other receivables	(387,495)	38,243
Other assets	5,541,994	4,158,189
Investment receivables	10,699	(715,363)
Current income taxes	18,381,029	(1,452,645)
Medical services payable	30,678,865	24,483,771
Accounts payable and accrued expenses	1,994,967	(902,947)
Medicaid risk sharing payable	(218,558,187)	(308,458,626)
Other payables to contract programs	25,870,450	324,714
Related-party receivables — net	(5,694,596)	1,159,259
	<u>(49,429,510)</u>	<u>(57,169,059)</u>
Net cash used in operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments available-for-sale	(202,443,061)	(387,159,523)
Proceeds from maturities/sales of investments available-for-sale	164,249,481	367,254,120
	<u>(38,193,580)</u>	<u>(19,905,403)</u>
Net cash used in investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	—	(100,000,000)
AHCCCS funds received (paid)	49,640,110	(115,226,553)
Customer funds (administered) received	(24,398,393)	22,094,306
Commercial loan received	—	20,754,878
Proceeds from other financing activities	—	142,375
	<u>25,241,717</u>	<u>(172,234,994)</u>
Net cash provided by (used in) financing activities		
NET DECREASE IN CASH AND CASH EQUIVALENTS	(62,381,373)	(249,309,456)
CASH AND CASH EQUIVALENTS — Beginning of the year	80,091,582	329,401,038
CASH AND CASH EQUIVALENTS — End of year	<u>\$ 17,710,209</u>	<u>\$ 80,091,582</u>
SUPPLEMENTAL CASH FLOW DISCLOSURE — Cash paid for income taxes	<u>\$ 16,804,135</u>	<u>\$ 66,534,320</u>

See notes to financial statements.

ARIZONA PHYSICIANS IPA, INC.

NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

1. ORGANIZATIONAL STRUCTURE AND OPERATION

Organization — Arizona Physicians IPA, Inc. (the “Company” or “APIPA”) was incorporated on September 19, 1995. The Company is a wholly owned, for-profit subsidiary of UnitedHealthcare, Inc. UnitedHealthcare, Inc. is a wholly owned subsidiary of United HealthCare Services, Inc., a management corporation that provides services to the Company under the terms of a management agreement (the “Agreement”). United HealthCare Services, Inc. is a wholly owned subsidiary of UnitedHealth Group Incorporated. UnitedHealth Group Incorporated is a publicly held company trading on the New York Stock Exchange.

Operation — The majority of the Company’s premium revenues result from its contracts with the Arizona Health Care Cost Containment System (“AHCCCS”). The Company participates in an AHCCCS Complete Care (“ACC”) integrated services contract in two geographic service areas of the state of Arizona. The ACC contract was renewed October 1, 2024 and amended October 1, 2025 and is a two-year contract with options to extend through September 30, 2028. The Company also provides Arizona Long Term Care System (“ALTCS”) benefits under the AHCCCS ALTCS contract which is currently held in two geographic service areas of the state of Arizona. The current ALTCS contract was renewed October 1, 2024 and amended October 1, 2025 and is a one-year contract through September 30, 2026.

AHCCCS also provides prior period coverage for the period prior to the member’s enrollment with the Company during which time the member is eligible for covered services.

The Company contracts with the Arizona Department of Economic Security Division for Developmental Disabilities (“DES/DDD”) to provide integrated medical care to developmentally disabled individuals. The DES/DDD contract was renewed October 1, 2025 and is a one year contract with options to extend through September 30, 2029.

Used in conjunction with the AHCCCS and DES/DDD contracts, the Company also has a contract with the Centers for Medicare and Medicaid Services (“CMS”) to serve as a plan sponsor offering a Dual Special Needs Plan (“DSNP”) and a Fully Integrated Dual Eligible Special Needs Plan (“FIDE-SNP”) product. These products are solely funded by CMS. A DSNP is a specialized type of Medicare Advantage Prescription Drug Plan (“MAPD”) that is limited to dually eligible members and provides additional Medicaid coordination and clinical programs. The FIDE-SNP is a DSNP which coordinates the delivery of covered Medicare and Medicaid health and long-term care services, using aligned care management and specialty care network methods for high-risk beneficiaries and employs policies and procedures approved by CMS and the State to coordinate or integrate enrollment, member materials, communications, grievance and appeals, and quality improvement.

2. BASIS OF PRESENTATION, USE OF ESTIMATES AND SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation — The Company has prepared the financial statements in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Use of Estimates — These financial statements include certain amounts based on the Company’s best estimates and judgments. The Company’s most significant estimates relate to estimates and judgments for medical services expenses, net, AHCCCS reinsurance receivable, medical services payable, Medicaid risk sharing payable, and risk adjustment estimates. Certain of these estimates require the application of complex assumptions and judgments, often because they involve matters that are inherently uncertain, and will likely change in subsequent periods. The impact of any changes in estimates is included in earnings in the period in which the estimate is adjusted.

Cash, Cash Equivalents, and Investments — Cash and cash equivalents are highly liquid investments having an original maturity of three months or less. The fair value of cash and cash equivalents approximates their carrying value because of the short maturity of the instruments.

Cash equivalents include securities that have original maturity dates of three months or less from the date of acquisition. Cash equivalents also consist of the Company's share of a qualified cash pool sponsored and administered by United HealthCare Services, Inc. The investment pool is recorded at cost or book/adjusted carrying value depending on the composition of the underlying securities. Interest income from the pool accrues daily to participating members based upon ownership percentage. Cash equivalents, excluding money-market funds, are reported at cost or book/adjusted carrying value depending on the nature of the underlying security, which approximates fair value.

Investments with maturities of less than one year are classified as short-term. All other investments are classified as available-for-sale and reported at fair value based on quoted market prices, where available.

The Company excludes unrealized gains and losses on investments in available-for-sale securities from earnings, and reports them as accumulated other comprehensive loss, and net of income tax effects, as a separate component of stockholder's equity. To calculate realized gains and losses on the sale of investments, the Company specifically identifies the cost of each investment sold.

The Company evaluates an investment for impairment by considering the length of time and extent to which fair value has been less than cost or amortized cost, the financial condition, and near-term prospects of the issuer, as well as specific events or circumstances that may influence the operations of the issuer, and the Company's intent to sell the security, or the likelihood that it will be required to sell the security, before recovery of the entire amortized cost.

New information and the passage of time can change these judgments. The Company manages its investment portfolio to limit its exposure to any one issuer or market sector, and largely limits its investments to U.S. government and agency obligations; state and municipal obligations; mortgage-backed securities; and corporate obligations, substantially all of which are investment grade quality. Securities downgraded below policy minimums after purchase will be disposed of in accordance with the Company's investment policy.

Investment income earned and due as of the reporting date, in addition to investment income earned but not paid or collected until subsequent periods, is reported as investment receivables in the accompanying balance sheets. The Company evaluates the collectability of the amounts due and amounts determined to be uncollectible are written off in the period in which the determination is made.

Investment income-net includes investment income collected during the period, as well as the change in investment receivables on the Company's holdings. Amortization of premium or discount on bonds, realized gains and losses, and certain external investment management costs are also included in investment income-net in the accompanying statements of operations.

Intangible Assets — Net — The Company has a customer-related intangible asset resulting from a membership transfer agreement with Maricopa Integrated Health System which is recorded in intangible assets-net in the accompanying balance sheets. This definite-lived intangible asset is being amortized using the straight line method over the useful life of fifteen years. The amortization amount is recorded to administrative expenses in the accompanying statements of operations.

The Company's intangible asset is subject to impairment tests when events or circumstances indicate that an intangible asset may be impaired. There was no impairment of the intangible asset during the year ended December 31, 2025.

The gross value of the intangible asset as of December 31, 2025 is \$34,361,500, and there has been accumulated amortization of \$20,426,003, for a net value of \$13,935,497. The gross value of the intangible asset as of December 31, 2024 is \$34,361,500, and there has been accumulated amortization of \$18,135,236, for a net value of \$16,226,264.

Notes Receivable — The Company had a Receivable Purchase and Servicing Agreement with OptumBank, Inc., an affiliate. The Company agreed to purchase, without recourse, up to \$21,150,000 of notes receivable associated with a real-estate term loan facility ("RETLF") issued to a subsidiary of Chicanos Por la Causa, Inc. ("CPLC"), a non-profit organization. The commercial loans were part of a community development partnership with CPLC.

As of July 31, 2024, the notes receivable were fully paid off. The interest earned for these notes was \$0 and \$323,021 for the years ended December 31, 2025 and December 31, 2024, respectively, and reflected as investment income-net within the accompanying statements of operations.

Premium Revenues — Capitation and risk-sharing settlements and delivery supplemental premiums are contractual. Capitation revenues are generally paid in advance of the coverage period in which benefits are to be provided and are earned and recognized during the applicable coverage period regardless of whether services are incurred. The majority of premium revenues recorded are based on capitated rates, which are monthly premiums paid for each member enrolled.

Premium revenue from AHCCCS and DES/DDD may include capitation for members' medical and behavioral coverage, reconciliation of costs, premium taxes, and other contractual program requirements as described further in Note 2. These revenues are recorded as capitation and risk-sharing settlements in the accompanying statements of operations.

Prospective capitation from the ALTCS contract is paid for those members who are receiving long-term care services and reside in a nursing facility, a certified home and community based setting ("HCBS") or in their own home.

Additionally, the prospective capitation incorporates an assumed deduction for the Share of Cost ("SOC"), which members contribute to the cost of care based on their income and type of placement. The Company and its contracted providers collect members' SOC directly from members. After the end of the contract year, AHCCCS compares actual SOC assignment to the SOC assignment assumed in the calculation of the prospective capitation rate. Assumed SOC will be fully reconciled to actual SOC assignment, and AHCCCS will either recoup or refund the total difference, as applicable. The Company recorded \$684,374 and \$500,211 related to member SOC redetermination offsetting premiums receivable in the accompanying balance sheets at December 31, 2025 and 2024, respectively. The change in receivable is recorded as an offset to capitation and risk sharing settlements in the accompanying statement of operations.

Delivery supplemental premium payments are per delivery and intended by AHCCCS to cover the cost of maternity care. Such premiums are recognized in the month that the delivery occurs and are recorded as delivery supplemental premiums in the accompanying statements of operations and premiums receivable in the accompanying balance sheets.

Medicaid Risk Sharing — Due to the uncertainty regarding actual utilization and medical cost experience, AHCCCS limits the financial risk of the Company through risk share reconciliations. The Company has reconciliations with AHCCCS and DES/DDD for each contract year to adjust for costs in excess or deficit of certain limits established by the contract.

For contract year end ("CYE") 2024, the reconciliation for ACC, ALTCS and DES/DDD members is tiered beginning at 2% gains or losses. AHCCCS or DES/DDD will recoup different percentages of gains in intervals up to profits of 6%, and 100% of gains over 6%. AHCCCS or DES/DDD will repay all losses greater than 2%. The reconciliation includes both prospective and prior period coverage.

For CYE 2025 and CYE 2026, the reconciliation for ALTCS and DES/DDD members is tiered beginning at 2% gains or losses. AHCCCS or DES/DDD will recoup different percentages of gains in intervals up to profits of 6%, and 100% of gains over 6%. AHCCCS or DES/DDD will repay all losses greater than 2%. The reconciliation includes both prospective and prior period coverage.

For CYE 2025 and CYE 2026, the reconciliation for ACC members is tiered beginning at 2% gains or 1% losses. AHCCCS will recoup different percentages of gains in intervals up to profits of 7%, and 100% of gains over 7%. AHCCCS will repay different percentages of losses in intervals beginning with losses greater than 1% and ending with 100% of losses greater than 4%. The reconciliation includes both prospective and prior period coverage.

Receivables or payables and the corresponding revenues or contra-revenues are recorded depending on the calculation in accordance with the contract. The Company estimated Medicaid risk sharing payables of \$60,918,194 and \$279,476,382 on the accompanying balance sheets as of December 31, 2025 and 2024, respectively. The change in estimated risk share of \$17,495,269 and \$141,678,169 in 2025 and 2024, respectively, is recorded as an increase (decrease) to capitation and risk-sharing settlements in the accompanying statements of operations.

Medicare Advantage Benefits — The Company receives seven different payment elements from CMS for the DUALS and FIDE-SNP members either during the year or at final settlement in the subsequent year: CMS premium, member premium, CMS low-income premium subsidy, CMS catastrophic reinsurance subsidy, CMS low-income member cost-sharing subsidy, CMS risk share, and the CMS coverage gap discount program.

The CMS premium, member premium, and low-income premium subsidy represent payments for the Company's insurance risk coverage under the program and are therefore recorded as capitation and risk-sharing settlements in the accompanying statements of operations. Premium revenues are recognized ratably over the period in which eligible individuals are entitled to receive prescription drug benefits. The Company records premium payments received in advance of the applicable service period in other payables to contract programs in the accompanying balance sheets.

CMS utilizes a risk adjustment model that apportions premiums paid to all health plans according to health severity and certain demographic factors of its enrollees. The CMS risk adjustment model pays more for members whose medical history indicates they have certain medical conditions. Under this risk adjustment methodology, CMS calculates the risk-adjusted premium payment using diagnosis data from hospital inpatient, hospital outpatient, and physician treatment settings. The Company and health care providers collect, capture, and submit the necessary and available diagnosis data to CMS within prescribed deadlines. If diagnosis data submitted to CMS needs to be corrected or deleted, the revised diagnosis data can be re-submitted. The Company recognizes such changes when the amounts become determinable and supportable. The estimated CMS risk adjusted payments due to the Company at December 31, 2025 and 2024 were \$70,536,985 and \$84,404,244, respectively, and are recorded as premiums receivable in the accompanying balance sheets. The Company recognized \$(26,999,882) and \$1,179,795 for changes in prior year Medicare risk factor estimates during the years ended December 31, 2025 and 2024, respectively, which is recorded as capitation and risk-sharing settlements within the accompanying statements of operations.

The catastrophic reinsurance subsidy and the low-income member cost sharing subsidy ("Subsidies") represent cost reimbursements under the Medicare Part D program. The Company is fully reimbursed by CMS for costs incurred for these contract elements, and accordingly, there is no insurance risk to the Company. Subsidies for individual members are accounted for as deposits in other contract program receivables in the accompanying balance sheets. The Company recorded \$0 and \$1,007,169 in other contract program receivables and \$1,041,732 and \$0 in other contract program payables as of December 31, 2025 and 2024, respectively, for cost reimbursements under the Medicare Part D program for the catastrophic reinsurance and low-income member cost sharing subsidies. Related cash flows are presented as customer funds received and other payables to contract programs in the accompanying statements of cash flows.

Pharmacy benefit costs and administrative costs under the contract are expensed as incurred, and are recognized in medical services expenses and administrative expenses, respectively, in the accompanying statements of operations.

The Company has Medicare Part D risk-corridor amounts from CMS which are subject to a retrospectively rated feature related to Part D premiums. The Company has estimated accrued retrospective premiums related to certain Part D premiums based on guidelines determined by CMS. The formula is tiered and based on bid medical loss ratio.

The Company recorded an estimated CMS Part D risk-corridor receivable of \$4,629,022 and \$1,997,009 as other contract program receivables in the accompanying balance sheets in 2025 and 2024, respectively and as an increase to capitation and risk-sharing settlements in the accompanying statements of operations. The amount of Part D premiums subject to retrospective rating was \$314,608,965 and \$112,157,336 for the years ended December 31, 2025 and 2024, respectively, representing 7% and 2% of total revenues, excluding investment income, as of December 31, 2025 and 2024, respectively.

Medicare Plans with medical loss ratios on fully insured products, as calculated under the definitions in the Affordable Care Act ("ACA") and implementing regulations, that fall below certain targets are required to rebate ratable portions of premiums annually. The Company records estimated amounts payable for rebates on the Medicare plan as other payables to contract programs in the accompanying balance sheets and as a decrease to capitation and risk-sharing settlements in the accompanying statements of operations. The Company had no estimated payables as of December 31, 2025 and 2024, respectively.

Alternative Payment Model (“APM”) — AHCCCS administers the APM, a quality and performance incentive program for both providers and contractors.

As part of the APM, 1% of gross prospective capitation from all contractors in Arizona is at-risk to be redistributed based upon each contractor’s performance on selected Quality Management Performance Measures as determined by AHCCCS. This applies for ACC for CYE 2024 and CYE 2025 and ACC and ALTCS for CYE 2026. AHCCCS will recoup the amounts due from contractors to be redistributed once reconciliation for the contract period is complete. The Company accrued a payable for revenues it expects to be recouped. The Company recorded \$6,591,315 and \$8,608,935 which were net against other APM receivables in other contract program receivables in the accompanying balance sheets as of December 31, 2025 and 2024, respectively. These amounts are recorded as capitation and risk-sharing settlements in the accompanying statements of operations.

The APM initiative also requires the Company to have a certain percentage of payments governed by APM strategies and performance-based incentives linked to quality and value. The Company manages APMs in which providers are rewarded for performing well on quality metrics and where providers share in a proportion of the savings they generate against cost and utilization targets. The Company accrued \$16,935,571 and \$15,634,093 in medical services payable in the accompanying balance sheets for this program as of December 31, 2025 and 2024, respectively. Amounts incurred are reported in medical services expenses, net in the accompanying statements of operations.

AHCCCS refunds the Company for performance-based payments to providers in subsequent period capitation payments. The Company accrues the estimated refund of \$36,394,705 and \$37,724,485 as other contract program receivables in the accompanying balance sheets as of December 31, 2025 and December 31, 2024, respectively. These refunds are recorded as capitation and risk-sharing settlements in the accompanying statements of operations.

Administration of AHCCCS Funds — The Company receives funds from AHCCCS to specific provider populations which are accounted for as other contract program receivables and other payables to contract programs on the accompanying balance sheets.

Nursing Facility Enhanced Payments — The Company entered into an agreement with AHCCCS to provide nursing facilities additional support through matched federal funds. The Company makes quarterly lump sum payments to ALTCS providers based on reported bed days, which is matched by increased payments from AHCCCS.

Targeted Investment Program — The Company is required to provide incentives to participating providers, specifically for physical and behavioral health care integration and coordination. The Targeted Investment program is funded through a lump sum payment from AHCCCS equal to the payment due to the providers plus an administrative service payment to the Company.

Access to Professional Services Initiative (“APSI”) — The Company is required to pass through professional services designed to preserve and enhance access and support professional training and education efforts to specific professionals. The APSI is funded through a lump sum payment from AHCCCS equal to payments due to the Qualified Practitioners affiliated with designated hospitals.

Elderly and Physically Disabled HCBS Directed Payments — AHCCCS is directing subsidy payments to direct care staff.

Pediatric Services Initiative — The Company entered into an agreement with AHCCCS in which it will pass through dollars to qualified children’s hospitals in order to preserve and promote access to inpatient and outpatient medical services.

Hospital Enhanced Access Leading to Health Improvements Initiative — The Company entered into an agreement with AHCCCS to provide enhanced support to hospitals in order to preserve and enhance access to these facilities that deliver essential services to Medicaid members in Arizona.

Safety Net Services Initiative — The Company entered into an agreement with AHCCCS in which it will pass through dollars to preserve and promote access to medical services provided by the Public Safety Net Hospital.

American Rescue Plan Act (“ARPA”) — The Company entered into an agreement with AHCCCS to pass through federal dollars to providers as a result of Section 9817 of the federal ARPA legislation that provides qualifying states with a temporary increase to the Federal Medical Assistance Percentage for certain Medicaid expenditures for HCBS.

COVID Reimbursement — AHCCCS reimbursed the company for COVID-19 vaccine cost, if not provided by the Federal government at no charge, and Vaccine Administration Costs made by the Company for ACC, ALTCS, and DES/DDD members for contract year ended 2024.

The Company recorded \$138,847 and \$510,293 in other contract program receivables as of December 31, 2025 and 2024, respectively and \$49,652,563 and \$328,252 in other payables to contract programs as of December 31, 2025 and 2024, respectively on the accompanying balance sheets related to the administration of AHCCCS Funds. The corresponding net impact of funds transferred are recorded as AHCCCS funds received in the accompanying statements of cash flows.

Community Reinvestment — For CYE 2024, the Company is required to allocate 6% of annual net profits, on a contract-year-to-date basis, to community reinvestment activities on the ACC, ALTCS, and DES/DDD contracts.

For CYE 2025 and CYE 2026, the Company is required to allocate 6% of annual net profits, on a contract-year-to-date basis, to community reinvestment activities on the ALTCS contract. For the ACC and DES/DDD contracts, the Company is required to spend annual net profits on a contract year end basis using a tiered approach, contributing 4% for less than or equal to 1% of net profits and up to 10% for greater than 3% of net profits to community reinvestment activities.

Community reinvestment activities are programs that work towards improving social determinants of health, such as access to health services and improving public health. The Company recorded \$29,754,714 and \$25,745,537 in accounts payable and accrued expenses on the accompanying balance sheets related to this program as of December 31, 2025 and 2024, respectively.

Medical Services Expenses, Net and Medical Services Payable — The Company’s estimate of medical services payable represents management’s best estimate of its liability for unpaid medical services as of December 31, 2025 and 2024.

Each period, the Company re-examines previously established medical services payable estimates based on actual claim submissions and other changes in facts and circumstances. As more complete claims information becomes available, the Company adjusts the amount of the estimates and includes the changes in estimates in medical services expenses, net in the period in which the change is identified.

The estimates for incurred but not yet reported claims are developed using an actuarial process that is consistently applied, centrally controlled, and automated. The actuarial models consider factors such as historical submission and payment data, cost trends, customer and product mix, seasonality, utilization of health care services, contracted service rates, and other relevant factors. The Company estimates such liabilities for physician, hospital, and other medical cost disputes based upon an analysis of potential outcomes, assuming a combination of litigation and settlement strategies. These estimates may change as actuarial methods change or as underlying facts upon which estimates are based change. The Company did not change actuarial methods during 2025 and 2024. Management believes the amount of claims unpaid and aggregate health claim reserves is a best estimate of the Company’s liability for unpaid claims and aggregate health claim reserves as of December 31, 2025; however, actual payments may differ from those established estimates.

The Company contracts with hospitals, physicians, and other providers of health care under capitated or discounted fee for service arrangements, including a hospital per diem to provide medical care services to enrollees. Some of these contracts are with related parties (see Note 8). Capitated providers are at risk for the cost of medical care services provided to the Company’s enrollees; however, the Company is ultimately responsible for the provision of services to its enrollees should the capitated provider be unable to provide the contracted services.

AHCCCS Reinsurance — AHCCCS Reinsurance is a stop-loss program provided by AHCCCS for the partial reimbursement of covered medical services and those costs incurred beyond an annual deductible per member. AHCCCS provides regular reinsurance so long as the member incurred an inpatient stay,

catastrophic reinsurance for those members receiving certain drugs or diagnosed with specific disorders, transplant reinsurance and other reinsurance.

The ACC, ALTCS, and DES/DDD contracts require the respective agencies to reimburse the Company 75% (75% and up to 100% for catastrophic cases) of qualified health care costs in excess of a recovery deductible. The deductibles applied are \$150,000 for ACC, ALTCS, and DES/DDD. For cases where qualified medical out-of-pocket expense exceeds \$1,000,000 the Company is reimbursed for 100% of the expense.

Recoveries from AHCCCS are recorded at estimated amounts due to the Company pursuant to contractual terms. The Company reports estimated recoveries from AHCCCS as AHCCCS reinsurance receivable in the accompanying balance sheets which are offset against medical services expenses in the accompanying statements of operations.

Administrative Expenses and Premium Taxes — Administrative expenses include general expenses required for the operations of the Company, including fees paid under agreements to affiliates (see Note 8) and claims adjustment expenses. Premium taxes are incurred on the AHCCCS contractual premiums and are generally covered by an increase in capitated premiums.

Claims adjustment expenses are those costs expected to be incurred in connection with the adjustment and recording of health claims. Pursuant to the terms of the Agreement, the Company pays a management fee to its affiliate, United HealthCare Services, Inc. , in exchange for administrative and management services. It is the responsibility of United HealthCare Services, Inc. to pay loss adjustment expenses in the event the Company ceases operations. Management believes the amount of the liability for unpaid claims adjustment expenses and associated claims interest as of December 31, 2025 is adequate to cover the Company's cost for the adjustment of unpaid claims; however, actual expenses may differ from those established estimates. Adjustments to the estimates for unpaid claims adjustment expenses are reflected in operating results in the period in which the change in estimate is identified. As of December 31, 2025 and 2024, the unpaid claims adjustment expenses included in the accompanying balance sheets in the accounts payable and accrued expenses line item is \$2,442,688 and \$3,837,557, respectively. Claims adjustment expenses are included in administrative expenses in the accompanying statements of operations.

Premium Deficiency Reserve — The Company assesses the ability for anticipated premiums to exceed health care related costs, including estimated payments for physicians and hospitals, and costs of collecting premiums and processing claims. If the anticipated future costs exceed the premiums, a loss contract accrual is recognized. The Company has no amounts recorded for premium deficiency reserves as of December 31, 2025 and 2024.

Concentration of Business and Credit Risk — Future contract awards are contingent upon the continuation of the ACC, ALTCS, and DES/DDD programs by AHCCCS and the State of Arizona, and the continuation of the CMS Medicare Advantage program along with the Company's ability and desire to retain its status as a contractor under the programs. For the years ended December 31, 2025 and 2024, all of the Company's total revenues and receivables were from these programs (see Note 1).

Premiums from the ACC, Medicare, and ALTCS contracts of \$2,086,183,155, \$1,701,088,316, and \$607,086,956, respectively, represent 44%, 36%, and 13% of total revenues, excluding investment income, for the year ended December 31, 2025. Premiums from the ACC, Medicare, and ALTCS contracts of \$2,158,207,009, \$1,543,915,743, and \$503,656,448, respectively, represent 48%, 34%, and 11% of total revenues, excluding investment income, for the year ended December 31, 2024. The DES/DDD contract represents less than 10% of total revenues, excluding investment income.

Concentration of credit risk with respect to receivables is limited due to the fact that AHCCCS, DES/DDD, and CMS are government agencies.

Recently Issued Accounting Standards — The Company reviewed all recently issued guidance in 2025 and 2024 that has been adopted for 2025 or subsequent years' implementation and has determined that none of the items would have a significant impact to the financial statements.

3. PERFORMANCE BONDS

Pursuant to its contracts with AHCCCS, DES/DDD, and CMS, the Company is required annually to provide performance bonds, in an acceptable form, to guarantee performance of the Company's obligations under

certain contracts. To satisfy this requirement, the Company maintained surety bonds in 2025 and 2024 in the amounts of \$370,000,000 and \$365,000,000, respectively. The bonds are unsecured and require no Company assets to secure the obligations.

4. MEDICAL SERVICES PAYABLE

The following table shows the components of the change in medical services payable for the years ended December 31, 2025 and 2024. Claim payments are presented net of health care receivables, including stop-loss recoveries, claim overpayment receivables, and pharmacy rebate receivables:

	2025	2024
Medical services payable, beginning of year	\$ 337,983,005	\$ 313,499,234
Reported medical services:		
Current year	4,243,540,178	3,863,416,961
Prior years	16,442,875	11,869,838
Total reported medical services	<u>4,259,983,053</u>	<u>3,875,286,799</u>
Claim payments:		
Payments for current year	(3,883,215,925)	(3,529,787,328)
Payments for prior years	<u>\$ (346,088,263)</u>	<u>(321,015,700)</u>
Total claim payments	<u>(4,229,304,188)</u>	<u>(3,850,803,028)</u>
Medical services payable, end of year	<u>\$ 368,661,870</u>	<u>\$ 337,983,005</u>

There has been \$16,442,875 of unfavorable prior year development from December 31, 2024 to December 31, 2025. The primary drivers consist of unfavorable development of \$18,194,627 in retroactivity for inpatient, outpatient, physician, and pharmacy claims, \$9,736,503 in risk share, and \$7,310,362 in stop loss. This was partially offset by favorable development of \$20,293,325 as a result of a change in provision for adverse deviations in experience.

At December 31, 2024, the Company recorded \$11,869,838 of unfavorable prior year development primarily driven by unfavorable development of \$46,469,909 in retroactivity for inpatient, outpatient, physician, and pharmacy claims. This was partially offset by favorable development of \$17,542,864 as a result of a change in provision for adverse deviations in experience, \$7,896,430 in AHCCCS reinsurance recoveries, \$6,242,993 in risk share, and \$2,480,135 in provider settlement. Original estimates are increased or decreased, as additional information becomes known regarding individual claims.

Medical costs payable included incurred but not reported (“IBNR”) of \$284,166,487 and \$266,938,250 at December 31, 2025 and 2024, respectively. Substantially all of the IBNR balance as of December 31, 2025 relates to the current year. The following is information about incurred and paid medical cost development as of December 31, 2025:

Year	Net Incurred Medical Costs	
	For the Year Ended December 31	
	2024	2025
2024	\$ 3,863,416,961	\$ 3,873,739,201
2025		4,243,540,178
Total	<u>3,863,416,961</u>	<u>8,117,279,379</u>

	Net Cumulative Medical Payments	
	For the Year Ended December 31	
	2024	2025
2024	(3,529,787,328)	(3,539,077,336)
2025		(3,883,215,925)
Total		(7,422,293,261)
Net remaining outstanding liabilities prior to 2024		<u>\$ (326,324,248)</u>
Total medical costs payable		<u>\$ 368,661,870</u>

5. CONTINGENT LIABILITIES AND GOVERNMENT REGULATIONS

The Company’s business is regulated at the federal, state, and local levels. The laws and rules governing the Company’s business and interpretations of those laws and rules are subject to frequent change. Broad latitude is given to the agencies administering those regulations. Further, the Company must obtain and maintain regulatory approvals to market and sell many of its products.

The Company has been, or is currently involved, in various governmental investigations, audits and reviews. These include routine, regular and special investigations, audits and reviews by CMS, state insurance and health and welfare departments, and other governmental authorities. The Company cannot reasonably estimate the range of loss, if any, that may result from any material government investigations, audits and reviews in which it is currently involved given the inherent difficulty in predicting regulatory action, fines and penalties, if any, and the various remedies and levels of judicial review available to the Company in the event of an adverse finding.

On February 14, 2017, the Department of Justice announced its decision to pursue certain claims within a lawsuit initially asserted against the Company and filed under seal by a whistleblower in 2011. The whistleblower’s complaint, which was unsealed on February 15, 2017, alleges that UnitedHealth Group Incorporated’s made improper risk adjustment submissions and violated the False Claims Act. In March 2025, a Special Master appointed by the court issued a report recommending that the court enter summary judgment in the Company’s favor on all remaining claims. In April 2025, the Department of Justice filed a motion asking the court to reject the Special Master’s report. The Company cannot reasonably estimate the outcome which may result from this matter given its procedural status.

Because of the nature of its businesses, the Company is frequently made party to a variety of legal actions and regulatory inquiries, including class actions and suits brought by members, care providers, consumer advocacy organizations, customers and regulators, relating to the Company’s businesses, including management and administration of health benefit plans and other services.

The Company records liabilities for its estimates of probable costs resulting from these matters where appropriate. Estimates of costs resulting from legal and regulatory matters involving the Company are inherently difficult to predict, particularly where the matters involve: indeterminate claims for monetary damages or may involve fines, penalties or punitive damages; present novel legal theories or represent a shift in regulatory policy; involve a large number of claimants or regulatory bodies; are in the early stages of the proceedings; or could result in a change in business practices. Accordingly, the Company is often unable to estimate the losses or ranges of losses for those matters where there is a reasonable possibility or it is probable that a loss may be incurred. Although the outcomes of any such legal actions cannot be predicted, in the opinion of management, the resolution of any currently pending or threatened actions will not have a material adverse effect on the accompanying financial statements of the Company.

The Company routinely evaluates the collectability of all receivable amounts included in the accompanying balance sheets. Impairment reserves are established for those amounts where collectability is uncertain. Based on the Company's past experience, exposure related to uncollectible balances and the potential of loss for those balances not currently reserved for is not material to the Company's financial condition.

There are no assets that the Company considers to be impaired at December 31, 2025 and 2024.

6. INVESTMENTS

A summary of investments by major security type is as follows:

December 31, 2025	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Debt securities — available-for-sale:				
U.S. government and agency obligations	\$ 74,346,145	\$ 38,008	\$ 1,554,097	\$ 72,830,056
State and municipal obligations	187,275,374	591,547	4,723,884	183,143,037
Corporate obligations	505,960,215	2,925,316	5,940,230	502,945,301
U.S. agency mortgage-backed securities	198,740,174	1,293,139	10,965,434	189,067,879
Non-U.S. agency mortgage-backed securities	49,034,253	168,327	1,258,617	47,943,963
	<u>1,015,356,161</u>	<u>5,016,337</u>	<u>24,442,262</u>	<u>995,930,236</u>
Total debt securities — available-for-sale	<u>1,015,356,161</u>	<u>5,016,337</u>	<u>24,442,262</u>	<u>995,930,236</u>
Total investments	<u>\$ 1,015,356,161</u>	<u>\$ 5,016,337</u>	<u>\$ 24,442,262</u>	<u>\$ 995,930,236</u>
December 31, 2024				
Debt securities — available-for-sale:				
U.S. government and agency obligations	\$ 84,593,080	\$ —	\$ 2,714,333	\$ 81,878,747
State and municipal obligations	210,415,561	29,329	8,164,624	202,280,266
Corporate obligations	405,855,952	118,990	15,002,702	390,972,240
U.S. agency mortgage-backed securities	216,420,852	9	18,288,965	198,131,896
Non-U.S. agency mortgage-backed securities	59,583,637	12,488	2,710,155	56,885,970
	<u>976,869,082</u>	<u>160,816</u>	<u>46,880,779</u>	<u>930,149,119</u>
Total debt securities — available-for-sale	<u>976,869,082</u>	<u>160,816</u>	<u>46,880,779</u>	<u>930,149,119</u>
Total investments	<u>\$ 976,869,082</u>	<u>\$ 160,816</u>	<u>\$ 46,880,779</u>	<u>\$ 930,149,119</u>

The amortized cost and fair value of available-for-sale debt securities as of December 31, 2025, by contractual maturity, were as follows:

	Amortized Cost	Fair Value
Due in one year or less	\$ 78,962,873	\$ 78,944,854
Due after one year through five years	299,212,669	296,265,678
Due after five years through ten years	177,970,508	176,570,367
Due after ten years	211,435,685	207,137,495
U.S. agency mortgage-backed securities	198,740,173	189,067,879
Non-U.S. agency mortgage-backed securities	49,034,253	47,943,963
	<u>\$ 1,015,356,161</u>	<u>\$ 995,930,236</u>

The fair value of available-for-sale investments with gross unrealized losses by major security type and length of time that individual securities have been in a continuous unrealized loss position were as follows:

	Less than 12 Months		12 Months or Greater		Total	
	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses
December 31, 2025						
Debt securities — available-for-sale:						
U.S. government and agency obligations	\$ —	\$ —	\$ 22,729,953	\$ 1,554,097	\$ 22,729,953	\$ 1,554,097
State and municipal obligations	12,580,423	55,666	126,411,752	4,668,218	138,992,175	4,723,884
Corporate obligations	39,906,203	60,131	167,487,681	5,880,099	207,393,884	5,940,230
U.S. agency mortgage-backed securities	—	—	111,297,526	10,965,434	111,297,526	10,965,434
Non-U.S. agency mortgage-backed securities	—	—	23,801,009	1,258,617	23,801,009	1,258,617
	<u>\$ 52,486,626</u>	<u>\$ 115,797</u>	<u>\$ 451,727,921</u>	<u>\$ 24,326,465</u>	<u>\$ 504,214,547</u>	<u>\$ 24,442,262</u>
December 31, 2024						
Debt securities — available-for-sale:						
U.S. government and agency obligations	\$ 52,875,828	\$ 311,285	\$ 29,002,919	\$ 2,403,048	\$ 81,878,747	\$ 2,714,333
State and municipal obligations	66,887,483	1,115,535	116,239,928	7,049,090	183,127,411	8,164,625
Corporate obligations	147,468,256	2,162,740	216,106,615	12,839,963	363,574,871	15,002,703
U.S. agency mortgage-backed securities	112,041,389	3,447,332	86,089,604	14,841,633	198,130,993	18,288,965
Non-U.S. agency mortgage-backed securities	17,661,828	299,135	36,056,667	2,411,020	53,718,495	2,710,155
	<u>\$ 396,934,784</u>	<u>\$ 7,336,027</u>	<u>\$ 483,495,733</u>	<u>\$ 39,544,754</u>	<u>\$ 880,430,517</u>	<u>\$ 46,880,781</u>

The Company's unrealized losses from all securities as of December 31, 2025 were generated from 217 positions out of a total of 354 positions. The Company believes that it will collect timely the principal and interest due on its debt securities having an amortized cost in excess of fair value. The unrealized losses were primarily caused by interest rate increases, and not by unfavorable changes in the credit quality associated with these securities which impacted our assessment on collectability of principal and interest. At each reporting period, the Company evaluates available-for-sale debt securities for any credit-related impairment when the fair value of the investment is less than its amortized cost. The Company evaluated the expected cash flows, the underlying credit quality and credit ratings of the issuers, noting no significant credit deterioration since purchase. As of December 31, 2025, the Company did not have the intent to sell any of the securities in an unrealized loss position. Therefore, the Company believes these losses to be temporary. There was no allowance for credit losses as of December 31, 2025 and 2024.

7. FAIR VALUE

Certain assets and liabilities are measured at fair value in the accompanying financial statements, or have fair values disclosed in the notes to financial statements. These assets and liabilities are classified into one of three levels of a hierarchy defined by GAAP. In instances in which the inputs used to measure fair value fall into different levels of the fair value hierarchy, the fair value measurement is categorized in its entirety based on the lowest level input that is significant to the fair value measurement in its entirety. The Company's assessment of the significance of a particular item to the fair value measurement in its entirety requires judgment, including the consideration of inputs specific to the asset or liability.

The fair value hierarchy is summarized as follows:

Level 1 — Quoted prices (unadjusted) for identical assets/liabilities in active markets.

Level 2 — Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in nonactive markets (few transactions, limited information, noncurrent prices, high variability over time);
- Inputs other than quoted prices that are observable for the asset/liability (interest rates, yield curves, volatilities, credit spreads); and
- Inputs that are corroborated by other observable market data.

Level 3 — Unobservable inputs that cannot be corroborated by observable market data.

Non-financial assets and liabilities, or financial assets and liabilities that are measured at fair value on a nonrecurring basis, are subject to fair value adjustments only in certain circumstances, such as when the Company records an impairment. There were no significant fair value adjustments for these assets and liabilities recorded during the years ended December 31, 2025 and 2024.

The following table presents a summary of the fair value measurements by level for assets measured at fair value on a recurring basis:

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total Fair and Carrying Value
December 31, 2025				
Cash and cash equivalents	\$ 17,710,209	\$ —	\$ —	\$ 17,710,209
Debt securities — available-for-sale:				
U.S. government and agency obligations	72,830,056	—	—	72,830,056
State and municipal obligations	—	183,143,037	—	183,143,037
Corporate obligations	—	502,945,301	—	502,945,301
U.S. agency mortgage-backed securities	—	189,067,879	—	189,067,879
Non-U.S. agency mortgage-backed securities	—	47,943,963	—	47,943,963
Total debt securities — available-for-sale	\$ 72,830,056	\$ 923,100,180	\$ —	\$ 995,930,236
Total cash, cash equivalents, and investments at fair value	\$ 90,540,265	\$ 923,100,180	\$ —	\$ 1,013,640,445
December 31, 2024				
Cash and cash equivalents	\$ 80,091,582	\$ —	\$ —	\$ 80,091,582
Debt securities — available-for-sale:				
U.S. government and agency obligations	81,878,747	—	—	81,878,747
State and municipal obligations	—	202,280,266	—	202,280,266
Corporate obligations	—	390,972,240	—	390,972,240
U.S. agency mortgage-backed securities	—	198,131,896	—	198,131,896
Non-U.S. agency mortgage-backed securities	—	56,885,970	—	56,885,970
Total debt securities — available-for-sale	81,878,747	848,270,372	—	930,149,119
Total cash, cash equivalents, and investments at fair value	\$ 161,970,329	\$ 848,270,372	\$ —	\$ 1,010,240,701

Transfers between fair value hierarchy levels, if any, are recorded as of the beginning of the reporting period in which the transfer occurs. There were no transfers between Levels 1, 2 or 3 of any financial assets during the years ended December 31, 2025 or 2024.

The Company has no investments reported with a fair value hierarchy of Level 3 and that were measured and reported at fair value.

The following methods and assumptions were used to estimate the fair value and determine the fair value hierarchy classification of each class of financial instrument:

Cash and Cash Equivalents — The carrying value of cash and cash equivalents approximates fair value, as maturities are less than three months. Fair values of cash equivalent instruments that do not trade on a regular basis in active markets are classified as Level 2.

Debt Securities — Fair values of debt securities are based on quoted market prices, where available. The Company obtains one price for each security, primarily from a third-party pricing service (pricing service), which generally uses quoted or other observable inputs for the determination of fair value. The pricing service normally derives the security prices through recently reported trades for identical or similar securities and, if necessary, makes adjustments through the reporting date based upon available observable market information. For securities not actively traded, the pricing service may use quoted market prices of comparable instruments or discounted cash flow analyses, incorporating inputs that are currently observable in the markets for similar securities. Inputs that are often used in the valuation methodologies include, but are not limited to, benchmark yields, credit spreads, default rates, prepayment speeds and non-binding broker quotes.

As the Company is responsible for the determination of fair value, it performs quarterly analyses on the prices received from the pricing service to determine whether the prices are reasonable estimates of fair value. Specifically, the Company compares the prices received from the pricing service to prices reported by a secondary pricing source such as its custodian, its investment consultant, and third-party investment advisors. Additionally, the Company compares changes in the reported market values and returns to relevant market indices to test the reasonableness of the reported prices. The Company's internal price verification procedures, and review of fair value methodology documentation provided by independent pricing services, have not historically resulted in adjustment to the prices obtained from the pricing service.

Fair values of debt securities that do not trade on a regular basis in active markets, but are priced using other observable inputs, are classified as Level 2.

Throughout the procedures discussed above in relation to the Company's processes for validating third-party pricing information, the Company validates the understanding of assumptions and inputs used in security pricing and determines the proper classification in the hierarchy based on that understanding.

The carrying amounts reported in the accompanying balance sheets for other current financial assets and liabilities approximate fair value because of their short-term nature. These assets and liabilities are not listed in the table above.

8. RELATED-PARTY TRANSACTIONS

Management believes that its transactions with affiliates are fair and reasonable; however, operations of the Company may not be indicative of those that would have occurred if it had operated as an independent company.

In the ordinary course of business, the Company also directly contracts with related parties to provide services to its members that are routine in nature to its members. The administrative services, access fees, and cost of care services provided are calculated using a per member per month, per claim, or a combination thereof. These amounts are included in medical services expenses-net and administrative expenses in the accompanying statements of operations.

The Company holds a \$50,000,000 subordinated credit agreement with United HealthCare Services, Inc. at an interest rate of Fed Funds Target rate - Upper Bound plus 50 basis points. This credit agreement is subordinate to the claims of non-affiliated creditors and loans from non-affiliated lenders of the borrowers. This credit agreement is revolving, unless terminated by either party. No amounts were outstanding under the line of credit as of December 31, 2025 and December 31, 2024. The total amount of interest paid or accrued on all borrowings throughout the year was \$7,501 and \$0 as of December 31, 2025 and 2024, respectively.

In addition to the agreements above, United HealthCare Services, Inc. maintains a private short-term investment pool in which affiliated companies may participate (see Note 2). At December 31, 2025 and 2024, the Company's portion was \$13,809,723 and \$76,529,376, respectively, and is included in cash and cash equivalents in the accompanying balance sheets.

The Company has a Tax Sharing Agreement with UnitedHealth Group Incorporated (see Note 11).

The Company paid dividends of \$0 and \$100,000,000 in 2025 and 2024, respectively, to its parent (see Note 9).

At December 31, 2025 and 2024, the Company reported \$8,003,427 and \$2,308,831 as related-party receivables, respectively, which are included in the accompanying balance sheets.

The Company had a Receivable Purchase and Servicing Agreement with OptumBank, Inc., an affiliate. Under the terms of the agreement, the Company purchased all receivables arising from a RETLF and the notes receivable were fully paid off as of July 31, 2024 (see Note 2). The Company currently holds no notes receivable in other assets in the accompanying balance sheets as of December 31, 2025 and 2024.

The administrative services, access fees, and cost of care services provided by affiliates are calculated using one or more of the following methods: (1) a percentage of premiums; (2) use of assets; (3) direct pass-through of charges; (4) per member per month; (5) per employee per month; (6) per claim; or (7) a combination thereof consistent with the provisions contained in each contract. These amounts are included in medical services expenses, net and administrative expenses in the accompanying statements of operations. The following table identifies the amounts for the administrative services, access fees, and cost of care services provided by related parties for the years ended December 31, 2025 and 2024:

	2025		2024
OptumRx, Inc.	\$ 874,616,674	\$	664,915,994
United Behavioral Health	542,923,994		526,491,746
United HealthCare Services, Inc.	290,811,906		288,034,548
Dental Benefit providers, Inc.	66,251,090		67,705,949
XLHome, P.C.	17,291,708		14,825,384
Ear Professionals International Corporation	—		11,345,701
naviHealth, Inc	(96,911)		39,637,063

OptumRx, Inc. provides services that may include, but are not limited to, administrative services related to pharmacy management and pharmacy claims processing for enrollees, manufacturer rebate administration, pharmacy incentive services, specialty drug pharmacy services, durable medical equipment services including orthotics and prosthetics and personal health products catalogues showing the healthcare products and benefit credits enrollees needed to redeem the respective products.

United Behavioral Health provides services related to mental health and substance abuse treatment.

United HealthCare Services, Inc. provides, or arranges for the provision of, management, administrative, and other services deemed necessary or appropriate for United HealthCare Services, Inc. to provide management and operational support to the Company. The services can include, but are not limited to, the categories of management and operational services outlined in the Agreement, such as human resources, legal, facilities, general administration, treasury and investment functions, claims adjudication and payment, benefit administration, disease management, health care decision support, medical management, credentialing, preventative health services, utilization management reporting and expenses incurred for new business that will be effective in the subsequent year.

Dental Benefit Providers, Inc. provides dental care assistance.

XLHome, P.C. provides house call services to the Company's members.

Ear Professionals International Corporation provides hearing support services.

naviHealth, Inc. provides comprehensive post-acute services and care delivery.

9. STOCKHOLDER'S EQUITY

The Company paid no dividends and no infusions were received during 2025. The Company paid an extraordinary cash dividend to UnitedHealthcare, Inc. of \$100,000,000 on June 12, 2024, which was approved by AHCCCS on May 23, 2024. \$75,000,000 of the dividends was distributed from ACC earnings and \$25,000,000 was distributed from Medicare earnings.

10. COMPLIANCE WITH FINANCIAL VIABILITY STANDARDS AND PERFORMANCE GUIDELINES

For the contract year ended September 30, 2025, the Company was out of compliance on the DES/DDD administrative cost percentage due to the true-up of Management Fee. During the year, Management Fee is recorded to the ledger as a percentage of revenue using prior year estimates. In Q4, the year-to-date Management Fee is re-evaluated and adjusted to actual expenses. The Company was in compliance with all other Financial Viability Standards and Performance Guidelines for the contract year ended September 30, 2025.

As of December 31, 2025, one quarter into the 2026 contract year, the Company was out of compliance on the ACC and DES/DDD contracts for the Medical Loss Ratio due to two main factors. Capitation increased significantly because of a rate increase effective October 1, 2025 and there were lower than anticipated medical expenses as historically recognized in the fourth quarter. The Company was in compliance with all

other Financial Viability Standards and Performance Guidelines. Performance against these standards and guidelines for the contract year ending September 30, 2026 is being monitored by the Company on a quarterly basis.

11. INCOME TAXES

The corporate alternative minimum tax is calculated as 15% of adjusted financial statement income and applies only to corporations with average annual adjusted financial statement income in excess of \$1 billion for three prior taxable years. The applicability of the corporate alternative minimum tax is determined on a tax-controlled group basis.

The Company is included in the consolidated federal income tax return with its ultimate parent, UnitedHealth Group Incorporated which constitutes a controlled group. The controlled group's expected federal income tax will exceed the corporate alternative minimum tax and therefore the Company does not expect to be subject to the minimum tax.

The controlled group has not made any material modifications to the methodology used to project the corporate alternative minimum tax.

The Company's operations are included in the consolidated federal income tax return of UnitedHealth Group. Federal income taxes are paid to or refunded by UnitedHealth Group pursuant to the terms of a tax-sharing agreement, under which taxes approximate the amount that would have been computed on a modified separate company basis by which current and deferred tax attributes are characterized as realized or realizable based on their expected realization by the consolidated group. The Company receives a benefit at the federal rate in the current year for net losses incurred in that year to the extent losses can be utilized in the consolidated federal income tax return of UnitedHealth Group. UnitedHealth Group currently files income tax returns in the United States, various states and localities, and non-U.S. jurisdictions. The U.S. Internal Revenue Service (IRS) has completed exams on UnitedHealth Group's consolidated income tax returns for fiscal years 2016 and prior. UnitedHealth Group's 2017 through 2023 tax years are under review by the IRS, with the 2017 through 2020 tax years under its Compliance Assurance Program (CAP). UnitedHealth Group is no longer subject to state income tax examinations prior to the 2015 tax year. In general, UnitedHealth Group is subject to examination in non-U.S. jurisdictions for years 2015 and forward. The Company does not believe any adjustments that may result from these examinations will be material to the Company.

The components of the provision for income taxes for the years ended December 31, 2025 and 2024 are as follows:

	2025	2024
Current provision:		
Federal	\$ 35,185,105	\$ 65,081,674
State and local	<u>60</u>	<u>—</u>
Total current provision	<u>35,185,165</u>	<u>65,081,674</u>
Deferred provision:		
Federal	<u>(1,445,609)</u>	<u>(1,304,163)</u>
Total deferred provision	<u>(1,445,609)</u>	<u>(1,304,163)</u>
Total provision for income taxes	<u><u>\$ 33,739,556</u></u>	<u><u>\$ 63,777,511</u></u>

The reconciliation of the tax provision at the U.S. federal statutory rate to the provision for income taxes and the effective tax rate for the years ended December 31, 2025 and 2024 is as follows:

	2025		2024	
	Amount	Effective Tax Rate	Amount	Effective Tax Rate
Tax provision at the U.S. federal statutory rate	\$ 34,556,866	21 %	\$ 64,588,820	21 %
State Income Taxes, Net Of Federal Benefit	47		—	
Tax-exempt investment income	(817,551)	<1%	(811,309)	<1%
Other — net	<u>194</u>	<u>—</u>	<u>—</u>	<u>—</u>
Provision for income taxes	<u><u>\$ 33,739,556</u></u>	<u><u>21 %</u></u>	<u><u>\$ 63,777,511</u></u>	<u><u>21 %</u></u>

Current federal income taxes payables are \$25,892,704 and \$7,511,675 as of December 31, 2025 and 2024, respectively.

Deferred income tax assets and liabilities are recognized for the differences between the financial and income tax reporting bases of assets and liabilities, based on enacted tax rates and laws. The components of deferred income tax assets and liabilities as of December 31, 2025 and 2024 are as follows:

	2025	2024
Deferred income tax assets:		
Bad debt reserve	\$ 1,732,058	\$ 1,085,764
Unpaid losses and loss adjustment expense	1,217,634	952,343
Unearned premium	55	93
Intangibles	4,289,461	3,808,400
Unrealized losses	<u>4,079,444</u>	<u>9,811,192</u>
Total deferred income tax assets	<u>11,318,652</u>	<u>15,657,792</u>
Deferred income tax liabilities:		
Prepaid expenses	<u>82,227</u>	<u>135,227</u>
Total deferred income tax liabilities	<u>82,227</u>	<u>135,227</u>
Long-term deferred income taxes	<u>\$ 11,236,425</u>	<u>\$ 15,522,565</u>

The Company has not included a reconciliation of the beginning and ending amount of unrecognized tax benefits as it does not have any uncertain tax positions as of December 31, 2025 or 2024.

Federal and state income taxes paid, net of refunds, were \$16,804,135 and \$66,534,320 in 2025 and 2024, respectively.

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POSTEMPLOYMENT BENEFITS AND COMPENSATED ABSENCES, AND OTHER POSTRETIREMENT BENEFIT PLANS

The Company has no defined benefit plans, defined contribution plans, multiemployer plans, consolidated/holding company plans, postemployment benefits, or compensated absences plans and is not impacted by the Medicare Modernization Act on postretirement benefits, since all personnel are employees of United HealthCare Services, Inc., which provides services to the Company under the terms of the Agreement (see Note 8).

13. SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated and disclosed all material subsequent events up to May 20, 2026, the date that the financial statements were available to be issued.

There are no events subsequent to December 31, 2025 that require disclosure.

SUPPLEMENTAL SCHEDULES

**EXHIBIT I:
SUPPLEMENTAL FINANCIAL STATEMENTS
BY CONTRACT**

ARIZONA PHYSICIANS IPA, INC.

**SUPPLEMENTAL BALANCE SHEET BY CONTRACT
AS OF DECEMBER 31, 2025**

	ACC	DES/DDD	Medicare	ALTCS	Eliminations	Total
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents	\$ 17,710,209	\$ —	\$ —	\$ —	\$ —	\$ 17,710,209
Short-term investments	78,944,854	—	—	—	—	78,944,854
Premiums receivable	53,200,489	—	70,533,679	2,229,881	—	125,964,049
AHCCCS reinsurance receivable	17,628,347	9,954,065	—	3,687,239	—	31,269,651
Other contract programs receivables	30,097,260	4,251,217	30,609,144	3,626,265	—	68,583,886
Other receivables—net of allowances of \$8,237,890	5,623,422	813,469	3,264,325	1,974,562	—	11,675,778
Related-party receivables — net	8,003,427	—	—	—	—	8,003,427
Investment receivables	7,528,290	—	—	—	—	7,528,290
Other assets	1,591,802	—	391,559	—	—	1,983,361
Due from other lines of business	—	63,976,995	294,207,185	127,264,492	(485,448,672)	—
Total current assets	<u>220,328,100</u>	<u>78,995,746</u>	<u>399,005,892</u>	<u>138,782,439</u>	<u>(485,448,672)</u>	<u>351,663,505</u>
LONG-TERM ASSETS:						
Long-term investments	916,985,382	—	—	—	—	916,985,382
Intangible assets — net	13,935,497	—	—	—	—	13,935,497
Long-term deferred income taxes — net	11,236,425	—	—	—	—	11,236,425
Total long-term assets	<u>942,157,304</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>942,157,304</u>
TOTAL	<u>\$ 1,162,485,404</u>	<u>\$ 78,995,746</u>	<u>\$ 399,005,892</u>	<u>\$ 138,782,439</u>	<u>\$ (485,448,672)</u>	<u>\$ 1,293,820,809</u>
LIABILITIES AND STOCKHOLDER'S EQUITY						
CURRENT LIABILITIES:						
Medical services payable	\$ 138,540,778	\$ 19,872,341	\$ 139,854,488	\$ 70,394,263	\$ —	\$ 368,661,870
Medicaid risk sharing payable	51,952,667	7,132,510	—	1,833,017	—	60,918,194
Other payables to contract programs	47,756,834	61,941	26,213,890	1,833,788	—	75,866,453
Accounts payable and accrued expenses	29,155,147	968,985	1,058,756	2,116,453	—	33,299,341
Current federal income taxes payable	25,892,704	—	—	—	—	25,892,704
Due to other lines of business	485,448,672	—	—	—	(485,448,672)	—
Total current liabilities	<u>778,746,802</u>	<u>28,035,777</u>	<u>167,127,134</u>	<u>76,177,521</u>	<u>(485,448,672)</u>	<u>564,638,562</u>
Total liabilities	<u>778,746,802</u>	<u>28,035,777</u>	<u>167,127,134</u>	<u>76,177,521</u>	<u>(485,448,672)</u>	<u>564,638,562</u>
STOCKHOLDER'S EQUITY:						
Common stock, \$0.01 par value — 1,000,000 shares authorized; two shares issued and outstanding	—	—	—	—	—	—
Additional paid-in capital	56,411,047	7,105,347	—	14,000,000	—	77,516,394
Retained earnings	342,882,535	43,854,622	231,878,758	48,604,918	—	667,220,833
Accumulated other comprehensive loss	(15,554,980)	—	—	—	—	(15,554,980)
Total stockholder's equity	<u>383,738,602</u>	<u>50,959,969</u>	<u>231,878,758</u>	<u>62,604,918</u>	<u>—</u>	<u>729,182,247</u>
TOTAL	<u>\$ 1,162,485,404</u>	<u>\$ 78,995,746</u>	<u>\$ 399,005,892</u>	<u>\$ 138,782,439</u>	<u>\$ (485,448,672)</u>	<u>\$ 1,293,820,809</u>

ARIZONA PHYSICIANS IPA, INC.

**SUPPLEMENTAL STATEMENT OF OPERATIONS BY CONTRACT
FOR THE YEAR ENDED DECEMBER 31, 2025**

	ACC	DES/DDD	Medicare	ALTCS	Total
REVENUES:					
Capitation and risk-sharing settlements	\$ 2,041,362,573	\$ 372,447,141	\$ 1,701,088,318	\$ 607,086,956	\$ 4,721,984,988
Delivery supplemental premium	44,820,580	—	—	—	44,820,580
Investment income — net	47,268,530	—	—	—	47,268,530
Total revenues	2,133,451,683	372,447,141	1,701,088,318	607,086,956	4,814,074,098
MEDICAL SERVICES EXPENSES, NET:					
Hospitalization	211,453,610	39,778,864	449,130,945	25,391,760	725,755,179
Medical compensation	411,772,389	23,896,959	257,460,032	81,821,550	774,950,930
Other medical services, net	1,247,867,709	306,524,160	856,684,886	7,116,175	2,418,192,930
Long-term care institutional	—	—	—	166,659,954	166,659,954
Long-term care home-based and community-based services	—	—	—	267,474,165	267,474,165
Recoveries from AHCCCS	(50,472,018)	(24,004,468)	—	(18,573,619)	(93,050,105)
Total medical services expenses	1,820,621,690	346,195,515	1,563,275,863	529,889,985	4,259,983,053
ADMINISTRATIVE EXPENSES	145,139,214	23,258,339	133,594,217	32,485,630	334,477,400
PREMIUM TAXES	42,543,932	—	—	12,513,212	55,057,144
Total expenses	2,008,304,836	369,453,854	1,696,870,080	574,888,827	4,649,517,597
INCOME BEFORE INCOME TAXES	125,146,847	2,993,287	4,218,238	32,198,129	164,556,501
PROVISION FOR INCOME TAXES	25,689,024	613,723	864,880	6,571,929	33,739,556
NET INCOME	\$ 99,457,823	\$ 2,379,564	\$ 3,353,358	\$ 25,626,200	\$ 130,816,945