Financial Statements and Report of Independent Certified Public Accountants

Molina Healthcare of Wisconsin, Inc.

December 31, 2025 and 2024

Contents

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors and Stockholder
Molina Healthcare of Wisconsin, Inc.

Opinion

We have audited the financial statements of Molina Healthcare of Wisconsin, Inc. (the "Plan"), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of comprehensive income (loss), stockholder's equity, 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 Plan 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 of the financial statements in accordance with auditing standards generally accepted in the United States of America (US 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 Plan 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 Plan's ability to continue as a going concern for one year after the date 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 US 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 US 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 Plan'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 Plan'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.

Required supplementary information
Accounting principles generally accepted in the United States of America require that the incurred and paid claims development information and the historical claims duration information for the years ended December 31, 2024 and 2023, as set forth in Note 5, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a required part of the basic financial statements, is required by the Financial Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with US GAAS. These limited procedures consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance of the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information
Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of revenue and expenses - GAAP basis for the year ended December 31, 2025, is presented for purposes of additional analysis and is not a required part of the financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the financial statements as a whole.

Grant Thornton LLP

Appleton, Wisconsin
April 27, 2026

Molina Healthcare of Wisconsin, Inc.

BALANCE SHEETS

(Dollars in thousands)

	December 31, 2025	December 31, 2024
ASSETS		
Current assets		
Cash and cash equivalents	$ 193,693	$ 193,812
Investments	110,431	104,924
Receivables	36,066	40,125
Income tax refundable	8,552	1,539
Prepaid expenses and other current assets	2,296	2,330
Total current assets	351,038	342,730
Property and equipment, net	957	1,445
Goodwill	6,774	6,774
Restricted cash and investments	15,800	15,392
Deferred income taxes	4,702	3,619
Other assets	2,192	2,928
Total assets	$ 381,463	$ 372,888
LIABILITIES AND STOCKHOLDER'S EQUITY		
Current liabilities		
Medical claims and benefits payable	$ 124,960	$ 126,197
Amounts due government agencies	4,509	32,845
Accounts payable, accrued liabilities and other	10,640	10,937
Deferred revenue	22	565
Due to affiliate	4,077	4,477
Total current liabilities	144,208	175,021
Deferred income taxes	2,504	1,485
Other long-term liabilities	1,465	2,072
Total liabilities	148,177	178,578
Stockholder's equity		
Common stock, $0.01 par value (1,000,000 authorized, (500,000 shares of Class A voting and 500,000 Class B non-voting); 100 shares issued and outstanding)	-	-
Additional paid-in capital	203,957	203,957
Accumulated other comprehensive gain	1,778	523
Retained earnings (accumulated deficit)	27,551	(10,170)
Total stockholder's equity	233,286	194,310
Total liabilities and stockholder's equity	$ 381,463	$ 372,888

The accompanying notes are an integral part of these financial statements.

Molina Healthcare of Wisconsin, Inc.

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Dollars in thousands)

	Year Ended December 31,	
	2025	**2024**
Revenue:		
Premium revenue	$ 1,381,809	$ 1,261,431
Investment income	10,452	9,394
Other revenue	367	294
Total revenue	1,392,628	1,271,119
Expenses:		
Medical care costs	1,272,743	1,208,198
General and administrative expenses	68,980	82,598
Depreciation and amortization	669	675
Other	1,440	-
Total operating expenses	1,343,832	1,291,471
Operating income (loss)	48,796	(20,352)
Income tax expense (benefit)	11,075	(3,197)
Net income (loss)	37,721	(17,155)
Other comprehensive income (loss)		
Unrealized investment income (loss)	1,644	(445)
Less: effect of income taxes	(389)	103
Other comprehensive income (loss), net of tax	1,255	(342)
Comprehensive income (loss)	$ 38,976	$ (17,497)

The accompanying notes are an integral part of these financial statements.

Molina Healthcare of Wisconsin, Inc.
STATEMENTS OF STOCKHOLDER'S EQUITY
(Dollars in thousands)

	Common Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Gain (Loss)	Retained Earnings (Accumulated Deficit)	Total Stockholder's Equity
	Shares	Amount				
January 1, 2024	100	$ -	$ 133,957	$ 865	$ 6,985	$ 141,807
Net loss	-	-	-	-	(17,155)	(17,155)
Contribution from Parent	-	-	70,000	-	-	70,000
Other comprehensive loss	-	-	-	(342)	-	(342)
December 31, 2024	100	-	203,957	523	(10,170)	194,310
Net income	-	-	-	-	37,721	37,721
Other comprehensive income	-	-	-	1,255	-	1,255
December 31, 2025	100	$ -	$ 203,957	$ 1,778	$ 27,551	$ 233,286

The accompanying notes are an integral part of these financial statements.

Molina Healthcare of Wisconsin, Inc.

STATEMENTS OF CASH FLOWS

(Dollars in thousands)

	Year Ended December 31, 2025	2024
Operating activities		
Net income (loss)	$ 37,721	$ (17,155)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	669	675
Deferred income taxes	(453)	(689)
Amortization of investment premiums and discounts	(761)	(765)
(Gain) loss on disposal of property and equipment	(29)	305
Cash flows from changes in assets and liabilities:		
Receivables	4,059	12,656
Prepaid expenses and other current assets	138	(258)
Medical claims and benefits payable	(1,237)	7,263
Amounts due government agencies	(28,336)	(30,180)
Accounts payable, accrued liabilities and other	(815)	(267)
Due to affiliate	(400)	660
Income taxes	(7,013)	2,297
Net cash provided by (used in) operating activities	3,543	(25,458)
Investing activities		
Cost of investments acquired	(21,803)	(70,019)
Proceeds from maturities and sales	18,730	7,229
Purchases of equipment	(181)	(42)
Other	(37)	(26)
Net cash used in investing activities	(3,291)	(62,858)
Financing activities		
Capital contribution from Parent	-	70,000
Net cash provided by financing activities	-	70,000
Net increase (decrease) in cash, cash equivalents, and restricted cash	252	(18,316)
Cash, cash equivalents, and restricted cash at beginning of year	202,452	220,768
Cash, cash equivalents, and restricted cash at end of year	$ 202,704	$ 202,452

The accompanying notes are an integral part of these financial statements.

NOTE 1 - BASIS OF PRESENTATION

Organization and Operations

Molina Healthcare of Wisconsin, Inc. (the Plan) was incorporated in the state of Wisconsin (the State) on February 26, 2004. The Plan is a wholly owned subsidiary of Molina Healthcare, Inc. (the Parent), a multi-state managed care organization that arranges for the delivery of healthcare services to persons eligible for Medicaid, Medicare, the state insurance marketplaces (the Marketplace), and other government-sponsored health care programs for low-income families and individuals.

The Plan is a health maintenance organization (HMO), licensed by the Wisconsin Office of the Commissioner of Insurance (OCI), that provides comprehensive health care services to Medicaid enrollees under contracts with the Wisconsin Department of Health Services (DHS), Medicare enrollees under its contracts with the Centers for Medicare and Medicaid Services (CMS), and individuals through the state's Marketplace. The Plan received a certificate of authority to transact business in the state of Massachusetts on April 21, 2021.

In August 2025, the DHS awarded a contract to provide services under the Family Care and Family Care Partnership program in its Geographic Service Regions 2 and 7. The contract commenced on January 1, 2026, and is expected to have a duration of two years, with an option for three two-year extensions. In May 2024, the DHS awarded a contract to provide services under the Family Care and Family Care Partnership program in its Geographic Service Region 5. The contract commenced on January 1, 2025, and is expected to have a duration of two years, with an option for three two-year extensions.

Effective January 1, 2025, the Plan ceased writing Medicare Advantage-Part D product but will continue to offer coverage to dual eligible special needs members that are dually eligible for Medicare and Medicaid. The Plan stopped writing Medicare Prescription Drug plans under its license in Massachusetts effective January 1, 2025. The Plan has exited the State of Wisconsin's Health Insurance Marketplace effective January 1, 2026.

As of December 31, 2025, the Plan served approximately 88,000 members eligible for Medicaid, Medicare and Marketplace services. The Plan contracts with independent physician associations, hospitals and other providers to provide medical services to its members. As an HMO, the Plan is at risk for all covered outpatient and inpatient claims incurred by its beneficiaries.

Basis of Presentation

The Plan prepares its financial statements in conformity with generally accepted accounting principles in the United States of America (GAAP).

Reclassification

The Plan has reclassified certain 2024 amounts in the components of the net deferred tax asset table in Note 8, "Income Taxes," to conform to the 2025 presentation. There was no impact on previously reported equity or net income (loss).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Principal areas requiring the use of estimates include: settlements under risk or savings sharing programs, contractual provisions that may limit revenue recognition, medical claims and benefits payable, reserves for potential absorption of claims unpaid by insolvent providers, reserves for the outcome of litigation, and valuation allowances for deferred income tax assets.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and short-term, highly liquid investments that are both readily convertible into known amounts of cash and have a maturity of three months or less as of the date of purchase. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the accompanying balance sheets that sum to the total of the same such amounts presented in the accompanying statements of cash flows. The restricted cash presented below is included in non-current "Restricted cash and investments" in the accompanying balance sheets.

	December 31,	
	2025	2024
	(In thousands)	
Cash and cash equivalents	$ 193,693	$ 193,812
Restricted cash	9,011	8,640
Total cash, cash equivalents and restricted cash presented in the statements of cash flows	$ 202,704	$ 202,452

Premium Revenue

Premium revenue is derived primarily from Medicaid, Medicare and Marketplace. Premium revenue is recognized in the month that members are entitled to receive healthcare services. Premiums collected in advance of a coverage period are recorded as deferred revenue. Premium revenue is generally received based on per member per month (PMPM) rates established in advance of the periods covered, except as described below.

Medicaid Program

Quality incentive premiums: Under the Plan's contract with DHS, 2.5% of Medicaid premiums are withheld and paid to the Plan subject to certain performance bonus measures being met. Recognition of quality incentive premium revenue is subject to the use of estimates for the achievement of the performance measures.

Medical Cost Floors (Medical Loss Ratio, or MLR) and Corridors: For certain Medicaid premiums, amounts may be returned to DHS if certain minimum amounts are not spent on defined medical care costs, or the Plan may receive additional premiums if amounts spent on medical care costs exceed a defined maximum threshold.

Medicare Program

Risk Adjustment: The Plan's Medicare revenue is subject to retroactive increase or decrease based on the health status of its Medicare members (as measured by member risk score). The Plan estimates its members' risk scores and the related amount of Medicare revenue that will ultimately be realized for the periods presented based on its knowledge of its members' health status, risk scores and CMS practices.

Minimum MLR: The Affordable Care Act (ACA) established a minimum annual medical loss ratio (Minimum MLR) of 85% for Medicare. The medical loss ratio represents medical costs as a percentage of premium revenue. Federal regulations define what constitutes medical costs and premium revenue. If the Minimum MLR is not met, the Plan may be required to pay rebates to the federal government. The Plan recognizes estimated rebates under the Minimum MLR as an adjustment to premium revenue in the statements of comprehensive income (loss).

Marketplace Program

Risk Adjustment: Under this program, the Plan's composite risk scores are compared with the overall average risk score for the state and market pool. Generally, the Plan will make a risk adjustment payment into the pool if its composite risk scores are below the average risk score (risk adjustment payable), and will receive a risk adjustment payment from the pool if their composite risk scores are above the average risk score (risk adjustment receivable). The Plan estimates its ultimate premium based on insurance policy year-to-date experience, and recognizes estimated premiums relating to the risk adjustment program as an adjustment to premium income in the statements of comprehensive income (loss).

Minimum MLR: The ACA has established a Minimum MLR of 80% for the Marketplace. If the Minimum MLR is not met, the Plan may be required to pay rebates to its Marketplace policyholders. The Marketplace risk adjustment program is taken into consideration when computing the Minimum MLR. The Plan recognizes estimated rebates under the Minimum MLR as an adjustment to premium income in the statements of comprehensive income (loss).

Medical Care Costs

Medical care costs are recognized in the period in which services are provided and include fee-for-service claims, pharmacy benefits, and capitation payments to providers. Under fee-for-service claims arrangements with providers, the Plan retains the financial responsibility for medical care provided and incurs costs based on actual utilization of hospital and physician services. Such medical care costs include amounts paid by the Plan as well as estimated medical claims and benefits payable for costs that were incurred but not paid (IBNP) as of the reporting date. Pharmacy benefits represent payments for members' prescription drug costs, net of rebates from drug manufacturers. The Plan estimates pharmacy rebates based on historical and current utilization of prescription drugs and contractual provisions. Capitation payments represent monthly contractual fees paid to providers, who are responsible for providing medical care to members, which could include medical or ancillary costs like dental, vision and other supplemental health benefits. Such capitation costs are fixed in advance of the periods covered and are not subject to significant accounting estimates.

Medical claims and benefits payable consist mainly of fee-for-service IBNP, unpaid pharmacy claims, capitation costs and other medical costs, including amounts payable to providers pursuant to risk-sharing or other incentive arrangements and amounts payable to providers on behalf of DHS in which the Plan assumes no financial risk. IBNP includes the costs of claims incurred as of the balance sheet date which have been reported to the Plan, and the Plan's best estimate of the cost of claims incurred but not yet reported to the Plan. The Plan also includes an additional reserve to ensure that its overall IBNP liability is sufficient under moderately adverse conditions. The Plan reflects changes in these estimates in the results of operations in the period in which they are determined.

The estimation of the IBNP liability requires a significant degree of judgment in applying actuarial methods, determining the appropriate assumptions and considering numerous factors. Of those factors, the Plan considers estimated completion factors and the assumed healthcare cost trend to be the most critical assumptions. Other relevant factors also include, but are not limited to, healthcare service utilization trends, claim inventory levels, changes in membership, product mix, seasonality, benefit changes or changes in Medicaid fee schedules, provider contract changes, prior authorizations and the incidence of catastrophic or pandemic cases. Because of the significant degree of judgment involved in estimation of the IBNP liability, there is considerable variability and uncertainty inherent in such estimates. Each reporting period, the recognized IBNP liability represents the Plan's best estimate of the total amount of unpaid claims incurred as of the balance sheet date using a consistent methodology in estimating the IBNP liability. The Plan believes its current estimates are reasonable and adequate; however, the development of its estimate is a continuous process that the Plan monitors and updates as more complete claims payment information and healthcare cost trend data becomes available. Actual medical care costs may be less than the Plan previously estimated (favorable development) or more than the Plan previously estimated (unfavorable development), and any differences could be material. Any adjustments to reflect favorable development

would be recognized as a decrease to medical care costs, and any adjustments to reflect unfavorable development would be recognized as an increase to medical care costs, in the period in which the adjustments are determined. See Note 5, “Medical Claims and Benefits Payable,” for further information.

Premium Deficiency Reserves on Loss Contracts

The Plan assesses the profitability of its contracts to determine if it is probable that a loss will be incurred in the future by reviewing current results and forecasts. For the purposes of this assessment, contracts are grouped in a manner consistent with the Plan’s method of acquiring, servicing and measuring the profitability of such contracts. A premium deficiency reserve is recognized if anticipated future medical care and administrative costs exceed anticipated future premium revenue, investment income and reinsurance recoveries. No premium deficiency reserves were recorded as of December 31, 2025 and 2024.

Investments

Investments are principally held in debt securities, which are grouped into two separate categories for accounting and reporting purposes: available-for-sale securities and held-to-maturity securities. Available-for-sale securities are recorded at fair value and unrealized gains and losses, if any, are recorded in equity as other comprehensive income, net of applicable income taxes. Held-to-maturity securities are recorded at amortized cost, which approximates fair value, and unrealized gains and losses are not generally recognized. Realized gains and losses and unrealized losses arising from credit-related factors with respect to available-for-sale and held-to-maturity securities are included in the determination of net income (loss). The cost of securities sold is determined using the specific-identification method, on an amortized cost basis.

Receivables

The Plan’s receivables as of December 31, 2025 and 2024, totaled $36.1 million and $40.1 million, respectively, and were primarily amounts due from DHS and CMS. Because the Plan’s primary creditor is the state of Wisconsin, the allowance for credit losses is insignificant. Any amounts determined to be uncollectible are charged to expense when such determination is made.

Property and Equipment

Property and equipment are stated at cost net of accumulated depreciation. Replacements and major improvements are capitalized, and repairs and maintenance are charged to expense as incurred. Furniture, and equipment are depreciated using the straight-line method over estimated useful lives ranging from three to seven years. Software developed for internal use is capitalized. Software is generally amortized over its estimated useful life of three years. Leasehold improvements are amortized over the term of the lease or five to 10 years, whichever is shorter. A summary of property, equipment and capitalized software at December 31 follows (in thousands):

	2025	2024
Capitalized software	$ 1,834	$ 1,875
Furniture and equipment	477	335
Leasehold improvements	403	323
	2,714	2,533
Less: accumulated amortization, capitalized software	1,438	910
Less: accumulated depreciation and amortization, furniture and equipment	241	138
Less: accumulated amortization, leasehold improvements	78	40
	1,757	1,088
Property, equipment and capitalized software, net	$ 957	$ 1,445

Restricted Investments

As of both December 31, 2025 and 2024, the Plan's restricted investments included $6.8 million in United States Treasury securities that were pledged to the State or other agencies to comply with deposit requirements.

Leases

Right-of-use (ROU) assets represent the Plan's right to use the underlying assets over the lease term, and lease liabilities represent the Plan's obligation for lease payments arising from the related leases. ROU assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. Lease terms may include options to extend or terminate the lease when the Plan believes it is reasonably certain that it will exercise such options. If applicable, the Plan accounts for lease and non-lease components within a lease as a single lease component.

The Plan generally uses its incremental borrowing rate to determine the present value of lease payments. Lease expense for operating leases is recognized on a straight-line basis over the lease term, and the related ROU assets and liabilities are reduced to the present value of the remaining lease payments at the end of each period.

The Plan's operating leases consist of long-term operating leases for office space. The Plan's lease agreements do not contain any material residual value guarantees or material restrictive covenants. For further information, including the amounts and location of the ROU assets and lease liabilities recognized in the accompanying balance sheets, see "Leases" under Note 9, "Commitments and Contingencies."

Functional Allocation of Expenses

The consolidated financial statements report certain expense categories that are attributable to more than one program or support function. Therefore, these expenses require an allocation on a reasonable basis that is consistently applied. Expenses are allocated on the basis of actual expenditures, number of full-time equivalent employees, revenue, and estimates made by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Income Taxes

The Plan and other subsidiaries of the Parent are included in the consolidated federal and state income tax returns filed by the Parent. Income taxes are allocated to the Plan in accordance with an intercompany tax sharing agreement. The agreement allocates federal income taxes in an amount generally equivalent to the amount that would be computed by the Plan as if it filed a separate federal tax return. State income taxes are allocated to the Plan based on the Plan's apportioned share of the total state taxable income of all subsidiaries included in the combined state return.

In accordance with the intercompany tax sharing agreement, benefits to the Plan that arise from net operating losses will be refunded to the extent utilized on the consolidated tax return with any unused balance carried forward to offset taxable income in future periods.

Beginning with the 2024 tax year, the federal consolidated group, or controlled group, was deemed an applicable corporation subject to the Corporate Alternative Minimum Tax (CAMT). In accordance with the amended and restated tax sharing agreement, the Plan is excluded from charges for any portion of the group's CAMT and is not allocated any portion of the group's CAMT credit carryover.

The Plan recognizes deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of its assets and liabilities, along with net operating loss and tax credit carryovers. For further discussion and disclosure, see Note 8, "Income Taxes."

Concentrations of Credit Risk

Financial instruments that potentially subject the Plan to concentrations of credit risk consist primarily of cash, cash equivalents, investments, receivables, and restricted investments. The Plan has amounts deposited in financial institutions in which the balances exceed the Financial Deposit Insurance Corporation insured limit. The Plan has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk. The Plan's investments are managed by professional portfolio managers operating under documented investment guidelines. No investment that is in a loss position can be sold by the Plan's managers without the Plan's prior approval. Concentrations of credit risk with respect to receivables is limited because the Plan's primary creditor is the State.

Risks and Uncertainties

The Plan's profitability depends in large part on its ability to accurately predict and effectively manage medical care costs. The Plan continually reviews its medical costs in light of its underlying claims experience and revised actuarial data. However, several factors could adversely affect medical care costs. These factors, which include changes in healthcare practices, inflation, new technologies, major epidemics, natural disasters, and malpractice litigation, are beyond its control and may have an adverse effect on its ability to accurately predict and effectively control medical care costs. Costs in excess of those anticipated could have a material adverse effect on the Plan's financial condition, results of operations, or cash flows.

The Plan's sole Medicaid customer is the state of Wisconsin. The loss of the Plan's contract with the state of Wisconsin could have a material adverse effect on the Plan's financial position, results of operations, or cash flows. The Plan's ability to arrange for the provision of medical services to its members is dependent upon its ability to develop and maintain adequate provider networks. The inability to develop or maintain such networks would, in certain circumstances, have a material adverse effect on the Plan's financial position, results of operations, or cash flows.

Recent Accounting Pronouncements

In December 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2023-09, *Improvements to Income Tax Disclosures*, which will require incremental income tax disclosures on an annual basis. The amendments require disclosure of qualitative information about specific categories of reconciling items and individual jurisdictions that result in a significant difference between the statutory tax rate and the effective tax rate. The amendments also require disclosure of income taxes paid to be disaggregated by jurisdiction, and disclosure of income tax expense disaggregated by federal, state, and foreign income taxes. ASU 2023-09 is effective for annual reporting beginning with the fiscal year ending December 31, 2026. The Plan is currently evaluating the incremental disclosures that will be required in the Plan's financial statements.

Evaluation of Subsequent Events

The Plan has evaluated subsequent events through April 27, 2026, the date these financial statements were available to be issued. The Plan is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

NOTE 3 - FAIR VALUE MEASUREMENTS

The Plan considers the carrying amounts of current assets and current liabilities to approximate their fair values because of the relatively short period of time between the origination of these instruments and their expected realization or payment. For the Plan's financial instruments measured at fair value on a recurring basis, the Plan prioritizes the inputs used in measuring fair value according to a three-tier fair value hierarchy as follows:

Level 1 - Observable Inputs. Level 1 financial instruments are actively traded and therefore the fair value for these securities is based on quoted market prices for identical securities in active markets.

Level 2 - Directly or Indirectly Observable Inputs. Fair value for these investments is determined using a market approach based on quoted prices for similar securities in active markets or quoted prices for identical securities in inactive markets.

Level 3 - Unobservable Inputs. Level 3 financial instruments are valued using unobservable inputs that represent management's best estimate of what market participants would use in pricing the financial instrument at the measurement date.

The Plan's financial instruments measured at fair value on a recurring basis were as follows (in thousands):

	December 31, 2025			
	Total	Level 1	Level 2	Level 3
Corporate debt securities	$ 56,980	$ -	$ 56,980	$ -
Mortgage-backed securities	34,053	-	34,053	-
Municipal securities	10,054	-	10,054	-
Asset-backed securities	9,344	-	9,344	-
	$ 110,431	$ -	$ 110,431	$ -

	December 31, 2024			
	Total	Level 1	Level 2	Level 3
Corporate debt securities	$ 52,490	$ -	$ 52,490	$ -
Mortgage-backed securities	26,271	-	26,271	-
Municipal securities	11,634	-	11,634	-
Asset-backed securities	14,529	-	14,529	-
	$ 104,924	$ -	$ 104,924	$ -

NOTE 4 - INVESTMENTS

The following tables summarize the Plan's investments as of December 31, 2025 and 2024 (in thousands).

	December 31, 2025			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Corporate debt securities	$ 55,713	$ 1,294	$ 27	$ 56,980
Mortgage-backed securities	33,325	742	14	34,053
Municipal securities	9,837	217	-	10,054
Asset-backed securities	9,214	134	4	9,344
	$ 108,089	$ 2,387	$ 45	$ 110,431

	December 31, 2024			
	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value

Corporate debt securities	$ 52,020	$ 628	$ 158	$ 52,490
Mortgage-backed securities	26,192	222	143	26,271
Municipal securities	11,533	104	3	11,634
Asset-backed securities	14,481	80	32	14,529
	$ 104,226	$ 1,034	$ 336	$ 104,924

The contractual maturities of the Plan's investments as of December 31, 2025 are summarized below (in thousands):

	Amortized Cost	Fair Value
Due in one year or less	$ 12,829	$ 12,917
Due after one year through five years	39,236	40,185
Due after five years through ten years	13,374	13,814
Due after ten years	42,650	43,515
Total	$ 108,089	$ 110,431

Gross realized gains and losses from sales of available-for-sale securities are calculated under the specific identification method and are included in investment income. Gross realized investment gains and losses for the years ended December 31, 2025 and 2024 were insignificant.

The Plan has determined that unrealized losses as of December 31, 2025, primarily resulted from fluctuating interest rates, rather than a deterioration of the credit worthiness of the issuers. Therefore, the Plan determined that an allowance for credit losses was not necessary. So long as the Plan maintains the intent and ability to hold these securities to maturity, it is unlikely to experience losses. In the event that the Plan disposes of these securities before maturity, realized losses, if any, are expected to be immaterial.

The following table summarizes those available-for-sale investments that have been in a continuous loss position for less than 12 months, and those that have been in a continuous loss position for 12 months or more as of December 31, 2025 (dollars in thousands):

	In a Continuous Loss Position for Less than 12 Months as of December 31, 2025			In a Continuous Loss Position for More than 12 Months as of December 31, 2025		
	Fair Value	Unrealized Losses	Total Number of Positions	Fair Value	Unrealized Losses	Total Number of Positions
Corporate debt securities	$ 2,997	$ 9	6	$ 2,209	$ 18	6
Mortgage-backed securities	1,472	14	4	-	-	-
Asset-backed securities	963	4	1	-	-	-
Total	$ 5,432	$ 27	11	$ 2,209	$ 18	6

The following table summarizes those available-for-sale investments that have been in a continuous loss position for less than 12 months, and those that have been in a continuous loss position for 12 months or more as of December 31, 2024 (dollars in thousands):

	In a Continuous Loss Position for Less than 12 Months as of December 31, 2024			In a Continuous Loss Position for More than 12 Months as of December 31, 2024		
	Fair Value	Unrealized Losses	Total Number of Positions	Fair Value	Unrealized Losses	Total Number of Positions
Corporate debt securities	$ 10,264	$ 158	24	$ -	$ -	-

Mortgage-backed securities	9,953	143	17	-	-	-
Municipal securities	666	3	2	-	-	-
Asset-backed securities	1,604	32	5	-	-	-
Total	$ 22,487	$ 336	48	$ -	$ -	-

NOTE 5 - MEDICAL CLAIMS AND BENEFITS PAYABLE

Medical claims and benefits payable include amounts payable to certain providers for which the Plan acts as an intermediary on behalf of the State without assuming financial risk. Such receipts and payments do not impact the statements of comprehensive income (loss). The Plan refers to such programs as pass through arrangements. These non-risk provider payables amounted to $5.0 million and $2.3 million as of December 31, 2025 and 2024, respectively.

The following table presents the components of the change in the Plan's medical claims and benefits payable for the years ended December 31 (in thousands):

	2025	2024
Balances at beginning of period	$ 126,197	$ 118,934
Components of medical care costs related to:		
Current year	1,291,638	1,217,583
Prior years	(18,895)	(9,385)
Total medical care costs	1,272,743	1,208,198
Change in non-risk provider payables	2,674	1,486
Claims paid and transfers to other medical liabilities:		
Current year	1,171,707	1,094,461
Prior years	104,947	107,960
Total paid	1,276,654	1,202,421
Balances at end of period	$ 124,960	$ 126,197

The Plan recognized favorable prior period claims development in the amount of $18.9 million for the year ended December 31, 2025. This amount represents the Plan's estimate as of December 31, 2025, of the extent to which the initial estimate of unpaid claims at December 31, 2024 was more than the amount that will ultimately be paid out in satisfaction of that liability.

The Plan recognized favorable prior period claims development in the amount of $9.4 million for the year ended December 31, 2024. This amount represents the Plan's estimate as of December 31, 2024, of the extent to which the initial estimate of unpaid claims at December 31, 2023 was more than the amount that will ultimately be paid out in satisfaction of that liability.

The following tables provide information about incurred and paid claims development as of December 31, 2025, as well as cumulative claims frequency and the total of incurred but not paid claims liabilities. The cumulative claim frequency is measured by claim event and includes claims covered under capitated arrangements.

Incurred Claims and Allocated Claims Adjustment Expenses				Total	Cumulative number of
Benefit period	2023[1]	2024[1]	2025	IBNP	reported claims
		(In thousands)			
2023	609,379	599,396	$ 599,125	$ (5)	4,102
2024		1,217,583	1,199,366	22	3,928
2025			1,291,638	115,872	3,639
			$ 3,090,129	$ 115,889	

Cumulative Paid Claims and Allocated Claims Adjustment Expenses			
Benefit period	2023[1]	2024[1]	2025
	(In thousands)		
2023	491,269	598,679	$ 599,130
2024		1,094,461	1,199,344
2025			1,171,707
			$ 2,970,181

The following table presents a reconciliation of claims development to the aggregate carrying amount of the liability for medical claims and benefits payable (in thousands):

	2025
Incurred claims and allocated claims adjustment expenses	$ 3,090,129
Less: cumulative paid claims and allocated claims adjustment expenses	(2,970,181)
Non-risk provider payables	5,012
Medical claims and benefits payable	$ 124,960

(1) Data presented for these calendar years is required supplementary information, which is unaudited.

NOTE 6 - TRANSACTIONS WITH PARENT AND AFFILIATES

Administrative Services and Net Worth Requirements

The Plan has entered into an administrative services agreement with the Parent under which the Parent provides various management, financial, legal, information systems and human resources services to the Plan. Fees for such services are based on the estimated fair market value of services rendered. Payment is subordinated to the Plan's ability to comply with minimum capital and other restrictive financial requirements of the State. Charges for these services amounted to $47.0 million and $56.8 million for the years ended December 31, 2025 and 2024, respectively, and are included in general and administrative expenses.

No dividends or contributions were recorded in the year 2025. During 2024, the Plan received net contributions from the Parent in the amount of $70.0 million. The Parent will provide future funding to the Plan, as necessary, to ensure the Plan's compliance with minimum net worth requirements.

NOTE 7 - STATUTORY REGULATIONS

The Plan is licensed in the state of Wisconsin and is subject to certain minimum statutory capital and surplus requirements as determined by the OCI.

The Plan is subject to statutory Risk Based Capital (RBC) requirements. RBC, as defined by the National Association of Insurance Commissioners (NAIC), is a method of measuring the minimum amount of capital appropriate for a managed care organization to support its overall business operations in consideration of its size and risk profile. The managed care organization's RBC is calculated by applying factors to various assets, premium and reserve items. As of December 31, 2025 and 2024, the Plan had RBC in excess of the Company Action Level, defined by the NAIC as 200% of Authorized Control Level (ACL). As of December 31, 2025 and 2024, the Plan had RBC in excess of 400% ACL as required by the OCI.

NOTE 8 - INCOME TAXES

Income tax expense consisted of the following components for the years ended December 31 (in thousands):

	2025	2024
Current tax expense (benefit)		
Federal	$ 11,507	$ (3,127)
State	21	619
Total current	11,528	(2,508)
Deferred tax expense (benefit):		
Federal	(1,472)	(1,364)
State	1,019	675
Total deferred	(453)	(689)
Provision for income taxes	$ 11,075	$ (3,197)

The difference between the provision for income tax expense and the amount computed by applying the statutory federal income tax rate to income before taxes is primarily related to state taxes for 2025 and 2024.

The components of the net deferred tax asset were as follows (in thousands):

	2025	2024
Accrued expenses	$ 1,997	$ 4,044
Reserve liabilities	3,338	1,854
Deferred compensation	1,371	522
Lease liabilities	4,710	4,996
Other accrued medical costs	1,141	1,271
Net operating losses	2,531	2,245
Other, net	412	-
Valuation allowance	(9,776)	(9,597)
Total deferred tax assets	5,724	5,335
Right-of-use assets	(1,410)	(1,631)
Prepaid expenses	(2,116)	(1,565)
Other, net	-	(5)
Total deferred tax liabilities	(3,526)	(3,201)
Net deferred tax asset	$ 2,198	$ 2,134

At December 31, 2025, the Plan had state net operating loss carryforwards of $41 million, which begin expiring in 2037.

The Plan evaluates the need for a valuation allowance taking into consideration the ability to carry back and carry forward tax credits and net operating losses, available tax planning strategies and future income, including reversal of temporary differences. The Plan has determined that as of December 31, 2025, $9.8 million of deferred tax assets did not satisfy the recognition criteria. Therefore, the Plan has increased the valuation allowance by $0.2 million, from $9.6 million at December 31, 2024, to $9.8 million as of December 31, 2025.

The Plan is subject to taxation in the United States and state of Wisconsin. With few exceptions, the Plan is no longer subject to U.S. federal income tax examination for tax years before 2022, and state and local income tax examinations before 2021.

The Plan recognizes interest and/or penalties related to unrecognized tax benefits, if any, in income tax expense. There were no unrecognized tax benefits as of December 31, 2025 and 2024.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Leases

The Plan is party to operating leases for its health plan offices. The Plan's operating leases have remaining lease terms of up to 5 years, some of which include options to extend the leases for up to 5 years. As of December 31, 2025, the weighted average remaining operating lease term was 4 years.

As of December 31, 2025 and 2024, the weighted-average discount rate used to compute the present value of lease payments was 6.2% and 5.5%, respectively. Operating lease expense was $0.8 million and $1.0 million for the years ended December 31, 2025 and 2024, respectively.

Future minimum lease payments by year, and in the aggregate, consist of the following amounts (in thousands):

Year Ending December 31:	
2026	$ 726
2027	605
2028	415
2029	304
2030	273
Thereafter	19
Subtotal – undiscounted lease payments	2,342
Less imputed interest	(259)
Total	$ 2,083

Supplemental cash flow information related to the lease follows (in thousands):

	Year Ended December 31,	
	2025	2024
Cash used in operating activities:		
Operating leases	$ 768	$ 1,027
ROU assets recognized in exchange for lease obligations:		
Operating leases	14	464

Supplemental information related to leases, including location of amounts reported in the balance sheet, follows (in thousands):

	December 31, 2025	December 31, 2024
ROU assets		
Other assets	$ 2,054	$ 2,686
Lease liabilities		
Accounts payable and accrued liabilities (current)	$ 618	$ 620
Other long-term liabilities (non-current)	1,465	2,072
Total operating lease liabilities	$ 2,083	$ 2,692

Legal Proceedings

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Penalties associated with violations of these laws and regulations include significant fines and penalties, exclusion from participating in publicly funded programs, and the repayment of previously billed and collected revenues.

The Plan is involved in legal actions in the ordinary course of business including, but not limited to, various employment claims, vendor disputes and provider claims. Some of these legal actions seek monetary damages, including claims for punitive damages, which may not be covered by insurance. The Plan reviews legal matters and updates its estimates of reasonably possible losses and related disclosures, as necessary. The Plan has accrued liabilities for legal matters for which it deems the loss to be both probable and reasonably estimable. These liability estimates could change as a result of further developments of the

matters. The outcome of legal actions is inherently uncertain. An adverse determination in one or more of these pending matters could have an adverse effect on the Plan's financial position, results of operations, or cash flows.

State's Budget

Nearly all of the Plan's premium revenues come from the joint federal and state funding of the Medicaid and Medicare programs. The State regularly faces significant budgetary pressures.

Professional Liability Insurance

The Parent carries (i) a claims-made managed care errors and omissions liability insurance and (ii) a healthcare professional liability insurance for their health plan operations.

Medical Claims Reinsurance

The U.S. Department of Health and Human Services and the U.S. Department of Treasury approved Wisconsin's application for a State Innovation Waiver (Waiver) under section 1332 of the ACA. Wisconsin's application sought to implement a reinsurance program called the Wisconsin Healthcare Stability Plan (WIHSP) for 2019 and future years, effective January 1, 2019. The Waiver allows OCI to maximize federal funding for the WIHSP. The main goals of WIHSP are to keep or expand consumer choices, lower the impact of premium increases and stabilize the Marketplace. WIHSP will reimburse a portion of an insurer's paid claims in accordance with the established parameters. For the 2025 and 2024 benefit years, WIHSP provided coverage for claims between $50,000 and $45,000, respectively. The coinsurance rates are 43% and 48%, respectively, for the 2025 and 2024 benefit years.

Provider Claims

Many of the Plan's medical contracts are complex in nature and may be subject to differing interpretations regarding amounts due for the provision of various services. Such differing interpretations may lead medical providers to pursue the Plan for additional compensation. The claims made by providers in such circumstances often involve issues of contract compliance, interpretation, payment methodology, and intent. These claims often extend to services provided by the providers over a number of years. Various providers have contacted the Plan seeking additional compensation for claims that the Plan believes to have been settled. These matters, when finally concluded and determined, will not, in the Plan's opinion, have a material adverse effect on the Plan's financial position, results of operations, or cash flows.

NOTE 10 - EMPLOYEE BENEFIT PLANS

Defined Contribution Plan

The employees of the Plan are eligible to participate in a defined contribution 401(k) plan sponsored by the Parent subject to the participation eligibility set forth in the plan. Eligible employees are allowed to contribute up to the maximum allowed by law. The Plan matches up to the first 4% of compensation contributed by the employees subject to a one-year cliff vesting requirement. The Plan has no legal obligation to provide benefits under the plan. The Plan's expense recognized in connection with the 401(k) plan was $3.0 million and $3.1 million in 2025 and 2024, respectively.

Stock Plans

Under an equity incentive plan adopted by the Parent, the Plan's employees may be awarded Parent restricted stock or other equity incentives. Restricted stock awards generally vest in equal annual installments over periods up to four years from the date of grant.

The Parent has an employee stock purchase plan under which the eligible employees of the Plan may purchase common shares at 85% of the lower of the fair market value of Parent's common stock on either the first or last trading day of each six-month offering period. Each participant is limited to a maximum purchase of $25,000 (as measured by the fair value of the stock acquired) per year through payroll deductions.

Supplementary Information

Molina Healthcare of Wisconsin, Inc.

Statement of Revenue and Expenses – GAAP Basis

(Dollars in thousands)

Year Ended December 31, 2025

	Family Care	Family Care Partnership	SSI	DSNP	Badgercare Plus	Medicare	Marketplace	Total
Revenue:								
Premium revenue	$ 1,009,148	$ 119,406	$ 29,414	$ 31,837	$ 162,726	$ (87)	$ 29,365	$ 1,381,809
Investment income	7,642	918	222	241	1,207	–	222	10,452
Other revenue	367	–	–	–	–	–	–	367
Total revenue	1,017,157	120,324	29,636	32,078	163,933	(87)	29,587	1,392,628
Expenses:								
Medical care costs	924,787	118,613	31,956	28,256	143,276	1,145	24,710	1,272,743
General and administrative expenses	23,569	5,880	4,887	2,855	28,806	44	2,939	68,980
Depreciation and amortization	265	32	54	9	294	–	15	669
Other	–	1,344	–	96	–	–	–	1,440
Total operating expenses	948,621	125,869	36,897	31,216	172,376	1,189	27,664	1,343,832
Operating income (loss)	68,536	(5,545)	(7,261)	862	(8,443)	(1,276)	1,923	48,796
Income tax expense (benefit)	15,588	(1,263)	(1,273)	(148)	(1,879)	(209)	259	11,075
Net income (loss)	$ 52,948	$ (4,282)	$ (5,988)	$ 1,010	$ (6,564)	$ (1,067)	$ 1,664	$ 37,721

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Office of the Commissioner of Insurance of the State of Wisconsin
Management and Board of Directors
Molina Healthcare of Wisconsin, Inc.

In planning and performing our audit of the financial statements of Molina Healthcare of Wisconsin, Inc. (the "Plan") as of and for the year ended December 31, 2025, in accordance with auditing standards generally accepted in the United States of America ("US GAAS"), we considered the Plan's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Plan's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that, individually or in combination, might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be unremediated material weaknesses, as previously defined as of December 31, 2025. However, unremediated material weaknesses may exist that were not identified.

Restriction on use

This communication is intended solely for the information and use of management, the board of directors and others within the Plan and state insurance departments to whose jurisdiction the Plan is subject and is not intended to be and should not be used by anyone other than these specified parties.

Grant Thornton LLP

The engagement partner, Amy L. Henselin, has served in that capacity with respect to the Plan since 2022.

Appleton, Wisconsin
April 27, 2026