

MATERIAL CHANGE NOTICE SUBMISSION DETAILS

MCN Number	2024-07-26-1202
OHCA Review Start Date	September 13, 2024
Anticipated Date by which OHCA will determine whether or not transaction must undergo a cost and market impact review, if not Tolled per regulation	October 28, 2024

SUBMITTER

HEALTH CARE ENTITY CONTACT FOR PUBLIC INQUIRY

Title	Associate GC
First Name	Craig
Last Name	Downs
Email Address	craig.downs@carelon.com

GENERAL

Business Name	Carelon Health of California, Inc. (f/k/a CareMore Health Plan)
Website	www.carelon.com
Ownership Type	Corporation
Tax Status	For-profit
Federal Tax ID	95-4694706
Description of Submitting Organization	See document entitled "Description of Submitting Organization (Plan)"
For Payers: Enrollees per zip code	22,148 in Los Angeles County, 4,253 in Orange County and 5,391 in San Bernardino County. See document entitled "Description of Submitting Organization (Plan)" for more information.

LOCATIONS

Counties	Los Angeles; Orange; San Bernardino
California licenses and numbers	California Health Care Service Plan License, File No. 933-0408 Registration with California Secretary of State
Other States Served	None
Other state(s) licenses and numbers	None
Primary Languages used when providing services	English

MATERIAL CHANGE

ADDITIONAL ENTITIES

Business Name	Description of the Organization	Ownership Type	Additional MCN Submission	Created On
Elevance Health, Inc.	See document entitled "Other Parties to Transaction"		Yes	7/26/2024

CRITERIA

A health care entity with annual revenue, as defined in section 97435(d) , of at least \$25 million or that owns or controls California assets of at least \$25 million, or;	Yes
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CIRCUMSTANCES FOR FILING

The proposed fair market value of the transaction is \$25 million or more and the transaction concerns the provision of health care services.	Yes
<p>The transaction involves a transfer or change in control, responsibility or governance of the Submitter. A transaction will directly or indirectly transfer control, responsibility, or governance in whole or in part of a material amount of the assets or operations of a health care entity to one or more entities if:</p> <p>(1) The transaction would result in the transfer of 25% or more of the voting power of the members of the governing body of a health care entity, such as by adding one or more members, substituting one or more members, or through any other type of arrangement, written or oral; or</p> <p>(2) The transaction would vest voting rights significant enough to constitute a change in control such as supermajority rights, veto rights, and similar provisions even if ownership shares or representation on a governing body are less than 25%;</p>	Yes

TRANSACTION DETAILS

Anticipated Date of Transaction Closure	9/30/2024
Description of Transaction	See document entitled "Description of Transaction and Proposed Closing Date"
Submitted to US Department of Justice or Federal Trade Commission?	Yes
Date of Submission	7/24/2024
Description of current services provided and expected post-transaction impacts on health care services	See document entitled "Description of Current Services Provided and Expected Post-Transaction Impacts."
Description of Potential Post Transaction Changes	See document entitled "Description of Current Services Provided and Expected Post-Transaction Impacts."
Description of the nature, scope, and dates of any pending or planned material changes occurring between the	Aside from the Proposed Transaction, no other material change transactions are

Submitter and any other entity, within the 12 months following the date of the notice

expected to occur within 12 months following the date of this Notice.

Pre- and Post-Transaction Services

- **Description of current services and post-transaction impact:**

- (A) **Counties where services are currently performed and any post-transaction changes**

The Plan currently provides services in Los Angeles County, Orange County and San Bernardino County. The Proposed Transaction will not result in changes to the Plan's business plan or operations and will have no impact on the care delivery system, network or cost to members.

- (B) **Levels and type of health care services offered and any post-transaction changes**

The Plan provides services to members under plan-to-plan contracts with full-service health plans. The Proposed Transaction will not result in changes to the Plan's business plan or operations and will have no impact on the care delivery system, network or cost to members.

- (C) **Summary of patients currently served and any post-transaction changes**

The Plan provides services to approximately 31,000 MA enrollees as of December 31, 2023. The Proposed Transaction will not result in changes to the Plan's business plan or operations and will have no impact on the care delivery system, network or cost to members.

- (D) **Current community needs assessments and any post-transaction changes**

There are currently no community needs assessments. The Proposed Transaction will not result in changes to the Plan's business plan or operations and will have no impact on the care delivery system, network or cost to members.

- (E) **Whether Medi-Cal and Medicare patients are accepted and any post-transaction changes**

The Plan provides services to members under plan-to-plan contracts with full-service health plans and is focused exclusively on the MA market. The Proposed Transaction will not result in changes to the Plan's business plan or operations and will have no impact on the care delivery system, network or cost to members.

- **Description of potential post-transaction changes:**

- (A) **Ownership, governance, or operational structure of the parties to the transaction**

As described above, as a result of the Proposed Transaction, the Plan will undergo a partial change of control when it becomes an indirect, wholly owned subsidiary of Augusta and an indirect, wholly owned subsidiary of Holdings. Immediately following the Closing, CD&R will beneficially own, in the aggregate, approximately 49.4% of the common equity interests of Holdings, and Elevance will beneficially own approximately 39.8% of the common equity interests of Holdings. Rollover Members will own the remainder of the common equity interests of Holdings.

Through the exercise of the Put Rights and/or Call Rights, it is expected that Elevance will ultimately have full ownership of Holdings and, indirectly, of Carelon Holdings such that the Plan will once again be an indirect, wholly owned subsidiary of Elevance in 2030.

- (B) **Submitter's employee staffing levels, job security, retraining policies, wages, benefits, working conditions, and/or employment protections**

The Proposed Transaction will not have a material impact on the Plan's employee staffing levels, job security, retraining policies, wages, benefits, working conditions, and/or employment protections.

(C) City or county contracts regarding the provision of health care services between the parties to the transaction and cities or counties

The Plan is not party to any city or county contracts regarding the provision of health care services.

(D) If submitter is a provider, comparable health care services currently offered by other health care entities within 20 miles of any location where the submitter offers health care services

N/A.

Description of Submitting Organization: Carelon Health of California, Inc. (f/k/a CareMore Health Plan) (the “Plan”) is a health care service plan licensed under the Knox-Keene Health Care Service Plan Act of 1975, as amended (together with the regulations promulgated thereunder, the “Knox-Keene Act”). The Plan is 100% owned by Carelon Management Services, Inc. (f/k/a CareMore Health System), a California corporation (“Carelon Holdings”). Carelon Holdings is an indirect, wholly owned subsidiary of Elevance Health, Inc., an Indiana corporation (“Elevance”). The Plan does not write any direct business. Instead, it provides services for approximately 31,000 Medicare Advantage (“MA”) enrollees (as of December 31, 2023) under plan-to-plan contracts with full-service health plans. The breakdown of these enrollees by county is as follows: 22,148 in Los Angeles County, 4,253 in Orange County and 5,391 in San Bernardino County. The Plan provided services under plan-to-plan agreements for an additional 13,000 enrollees in Santa Clara County and Stanislaus County as of year-end 2023 but has since withdrawn from that geography for reasons unrelated to the Proposed Transaction. As of January 1, 2024, the Plan provides services in Los Angeles County, Orange County and San Bernadino County. For the twelve-month period ending December 31, 2023, the Plan had revenue of \$799.483M. The Proposed Transaction (as defined below) will not result in changes to the Plan’s business plan or operations and will have no impact on the care delivery system, network or, given the Plan’s business model, cost to members. Indeed, under the Plan’s business model, the full-service health plan holds the direct subscriber contract and controls member-related pricing decisions; the Plan merely provides the services of its network to such members pursuant to plan-to-plan agreements with the full-service health plans. Critically, such services are already included in the benefits received by the MA members. The price of the services delivered from the Plan’s network does not increase the cost to the member, and any co-pays/deductibles/cost-sharing by the members is set under the terms of their health plan and not by the Plan. The Plan’s negotiated rates with fully licensed health plans are thus completely independent of the costs incurred by the member.

Description of Transaction and Proposed Closing Date

- **Anticipated Closing Date:**

The Plan respectfully requests expedited review of this notice (the "Notice") such that the parties may close on the contribution of Carelon Holdings (including the Plan) prior to the start of MA open enrollment season in October of 2024. This will allow the MA plans that the Plan supports and their members to have greater certainty regarding the Plan's future before MA open enrollment. The Plan will cooperate fully and make itself available to answer any questions arising from OHCA's review.

- **Description of Transaction:**

The Proposed Transaction is a joint venture between Elevance and CD&R. Elevance will initially maintain a significant minority position in the joint venture, with a clear path to first, majority, and then, full ownership, of the joint venture in approximately five years. The proposed indirect change of control of Carelon Holdings, including the Plan, will be effected pursuant to the Agreement. A copy of the Agreement is included confidentially with this Notice. Pursuant to the Agreement, and subject to the terms and conditions thereof, a series of transactions will occur resulting in MPG and its subsidiaries, Apree and its subsidiaries, and Carelon Holdings and its subsidiaries, including the Plan, becoming wholly owned subsidiaries of Augusta.

(A) Goals of transaction

The Proposed Transaction will build a payor-agnostic, advanced primary care and physician enablement business serving consumers in several states. The new venture will expand access to integrated care teams, personalized navigation, digital access and specialized services for higher need populations and will help health plans deliver higher quality and more affordable healthcare services.

Elevance's collaboration with CD&R aligns with Elevance's efforts and investments to improve quality and affordability as well as to simplify the consumer experience through technological innovation. The collaboration offers unique, complementary strengths that together promise to improve individuals' health and wellbeing, while helping care providers deliver higher quality care. Through the strategic partnership, Elevance will obtain the benefit of the operational and clinical expertise of Apree and MPG as well as CD&R's knowledge of the business and operations of these companies.

(B) Summary terms of transaction

i. Proposed Transaction Structure

The Agreement provides that MPG and its subsidiaries, Apree and its subsidiaries, and Carelon Holdings and its subsidiaries, including the Plan, will become wholly owned subsidiaries of Augusta with Holdings becoming the top-tier holding company of the Plan. The Plan currently is an indirect, wholly owned subsidiary of Elevance. Therefore, as a result of the Proposed Transaction, the Plan will undergo a partial change of control when it becomes an indirect, wholly owned subsidiary of Augusta and indirect, wholly owned subsidiary of Holdings. Elevance will initially hold an approximate 39.8% interest in Holdings and thus maintain a significant indirect ownership interest in the Plan. The foregoing summary of the terms of the Agreement is qualified in its entirety by the terms and conditions of the Agreement. Many components of the Agreement, including the transactions relating to the contributions of MPG and Apree, are described in further detail in this Notice for purposes of context and clarity but do not directly impact the Plan.

It is currently contemplated that the Proposed Transaction will have two Closings. At the first Closing (the “First Closing”), which will take place on the third business day following the date upon which all Closing conditions are satisfied or waived other than those related to the Carelon Contribution, all transactions set forth in the Agreement other than the Carelon Contribution will occur. At the First Closing, Elevance will contribute to Parent the Parent Cash Contribution (as such term is defined in the Agreement) in exchange for equity interests in Parent. Elevance will also contribute to Holdings the Holdings Cash Contribution Amount (as such term is defined in the Agreement and, together with the Parent Cash Contribution, the “Elevance Cash Contributions”) at the Closings. The First Closing does not involve a health care entity, nor does it impact the provision of health care services in California. The First Closing is described in this Notice as part of the complete description of the Proposed Transaction but is not the subject of this Notice.

The Carelon Contribution will occur once all regulatory approvals are obtained, and all other Closing conditions related to the Carelon Contribution set forth in the Agreement are satisfied or waived (the “Second Closing”). The Second Closing involves a health care entity, the Plan, that is subject to review by OHCA pursuant to this Notice. The mechanics concerning the two-phase closing approach are described in greater detail in the Agreement in connection with the occurrence of a “Carelon Closing Delay.” The parties endeavor for each of the Closings to occur prior to the start of MA open enrollment season in October of 2024 as noted above.

At the First Closing, (i) Clayton, Dubilier & Rice Fund XI, L.P. and certain of its affiliates will contribute or cause to be contributed to Parent their interests in MPG in exchange for equity interests in Parent and (ii) certain members of MPG (the “MPG Rollover Members”) will also contribute their equity interests in MPG in exchange for equity interests in Parent.

Prior to the First Closing, (i) Truth Holdings, L.P., a Delaware limited partnership (“Truth Holdings”) will merge with and into Holdings causing the separate existence of Truth Holdings to cease with Holdings continuing as the surviving partnership (the “Truth Holdings Merger”) and (ii) the equityholders of Truth Holdings immediately prior to the Truth Holdings Merger will receive equity interests in Holdings (the “Apree Rollover Members” and, together with the MPG Rollover Members, the “Rollover Members”). Following the Truth Holdings Merger, Holdings will contribute 100% of the capital stock in Apree that it received as a result of the Truth Holdings Merger to Parent in exchange for equity interests in Parent.

At the First Closing and immediately following the Elevance Cash Contributions, Parent will contribute to Midco, (i) an amount equal to the Parent Cash Contribution and (ii) the equity interests held by Parent in MPG and Apree (such contributions, the “Parent Contribution”). At the First Closing and immediately following the Parent Contribution, Midco will contribute to Augusta, (i) an amount equal to the Parent Cash Contribution and (ii) the equity interests held by Midco in MPG and Apree (such contributions, the “Midco Contribution”).

At the First Closing and immediately following the Midco Contribution, (i) MPG Merger Sub will merge with and into MPG causing the separate existence of MPG Merger Sub to cease and MPG to continue as the surviving company and a wholly owned subsidiary of Augusta and (ii) Apree Merger Sub will merge with and into Apree causing the separate existence of Apree Merger Sub to cease and Apree to continue as the surviving company and a wholly owned subsidiary of Augusta (such mergers, the “Mergers”).

After the consummation of the Mergers, Elevance and the MPG Rollover Members will contribute to Holdings all of their equity interests in Parent in exchange for equity interests in Holdings.

At the Second Closing, Elevance will make the Carelon Contribution to Parent, Parent will subsequently contribute to Midco the equity interests held by Parent in Carelon Holdings and then Midco will contribute to Augusta the equity interests held by Midco in Carelon Holdings.

As a result of the Proposed Transaction, the management and operations of Holdings will be governed by the Amended & Restated Limited Partnership Agreement to be entered into at the Closing by and among Holdings, Holdings GP, CD&R Augusta Holdings, Elevance and the Rollover Members (the "Limited Partnership Agreement"). The A&R Holdings LPA Term Sheet, Exhibit D to the Agreement (attached confidentially as Exhibit (c)(2)), also sets forth certain put and call rights of the parties. The exercise of the put/call rights, as described in greater detail herein, is expected to ultimately result in Elevance having full ownership of Holdings and, indirectly, of the Plan, Apree and MPG.

Immediately following the Closings, it is expected that CD&R will beneficially own, in the aggregate, approximately 49.4% of the common equity interests of Holdings, Elevance will beneficially own approximately 39.8% of the common equity interests of Holdings, and Rollover Members will own the remainder of the common equity interests of Holdings.

The Proposed Transaction will not have any impact on other Elevance-owned health care service plans operating in California.

Corporate organizational diagrams illustrating the mechanics of the Proposed Transaction and a narrative description of these diagrams are included as Exhibit (c)(6).

ii. Consideration

The consideration for the Proposed Transaction (the "Consideration") is set forth in the Agreement and consists of the various contributions by the parties as described above. Elevance will fund the Parent Cash Contribution with cash on hand and will not take on new debt to finance the Proposed Transaction. None of Elevance's subsidiaries that are licensed in California will have any responsibility for the payment of the Consideration. At the Closings, Elevance will also cause Carelon Holdings and its subsidiaries to hold a positive net cash position in an amount as set forth in the Agreement, as well as have capital sufficient to satisfy reserve requirements under applicable law.

iii. Governance of Holdings

Pursuant to the Limited Partnership Agreement, the Board of Directors of Holdings (the "Holdings Board") will initially consist of 11 directors. Five directors will be appointed by CD&R and four directors will be appointed by Elevance, with the remaining two directors consisting of the chief executive officer of Holdings and an independent director appointed jointly by CD&R and Elevance. However, once Elevance's equity stake in Holdings becomes 51% or more, Elevance will have the right to appoint five directors and CD&R will have the right to appoint four directors.

Actions of the Holdings Board will be taken by majority vote, but, so long as Elevance holds less than 51% of the equity interests of Holdings, the directors appointed by CD&R will hold a majority of the votes on the Holdings Board and the consent of at least one director appointed by CD&R will be required for any action of the Holdings Board. Once Elevance's equity stake in Holdings becomes 51% or more, the directors appointed by Elevance will hold a majority of the votes on the Holding Board and the consent of at least one director appointed by Elevance will be required for any action of the Holdings Board.

Subject to CD&R and Elevance each maintaining a minimum ownership percentage in Holdings, the consent of each of CD&R and Elevance will be required for certain material

actions including (i) merger and acquisition transactions above a certain dollar value, (ii) hiring or firing the chief executive officer of Holdings, (iii) expanding into new states not previously agreed to by Elevance and CD&R, (iv) affiliate transactions, (v) changes to accounting policies or methodologies and (vi) operating the business outside the ordinary course consistent with past practice.

iv. Put and Call Rights

Pursuant to the terms of the A&R Holdings LPA Term Sheet attached as Exhibit D to the Agreement, CD&R will have the right to sell to Elevance (the "Put Right"), and Elevance will have the right to buy (the "Call Right") a portion of the equity of Holdings then held by CD&R and the Rollover Members (collectively, the "CD&R Investors"), in each case as more specifically set forth in the document and summarized herein. The performance of Holdings will be measured as of December 31, 2027, December 31, 2028 and December 31, 2029 (each, a "Measurement Date") for purposes of determining the purchase price for such equity to be paid pursuant to a Put Right or a Call Right (the "Put/Call Price"). However, Elevance may notify CD&R that the Measurement Dates will instead be December 31, 2028 and December 31, 2029 (the "Deferred Measurement Dates" and such option to defer, the "Elevance Deferral Option"). Following each Measurement Date, and subject to CD&R exercising the Put Right and/or Elevance exercising the Call Right, Elevance will acquire an additional ownership interest in Holdings and additional indirect ownership interest in the Plan. Other than the timing conditions, there are no conditions that must be satisfied before the Put Right or Call Right is exercised. A summary organizational chart demonstrating the ownership of all applicable entities in the Proposed Transaction after exercise of all Put Rights and/or Call Rights is included in Exhibit (c)(6).

The portion of the CD&R Investors' equity investments subject to a Put Right and/or a Call Right as of each Measurement Date is as follows: (i) one-third of the equity then held by the CD&R Investors for the December 31, 2027 Measurement Date, (ii) one-half of the equity then held by the CD&R Investors for the December 31, 2028 Measurement Date and (iii) all remaining equity held by the CD&R Investors for the December 31, 2029 Measurement Date. However, if Elevance does not exercise the Elevance Deferral Option, CD&R may notify Elevance that the portion of the CD&R Investors' equity investment subject to the Put Right and/or Call Right as of the December 31, 2027 Measurement Date will be an amount of equity then held by the CD&R Investors that, if purchased by Elevance, would result in Elevance holding 51% of the total equity then held by the CD&R Investors and Elevance.

The Put/Call Price at each Measurement Date is determined based on the sum of the total equity value of Holdings multiplied by the percentage interest of the equity purchased pursuant to the Put Right or Call Right. As set forth more fully in the A&R Holdings LPA Term Sheet attached as Exhibit D to the Agreement, such value is determined based on revenue and EBITDA calculations for periods prior to the exercise of such Put Right or Call Right for each of MPG, Apree and Carelon Holdings subject to certain adjustments. Elevance does not expect to incur any new debt as a result of the exercise of the Put Rights or the Call Rights.

The parties anticipate that the Put Rights and/or Call Rights will be fully exercised on the Measurement Dates (or Deferred Measurement Dates, if so elected by Elevance) such that the Plan will once again be an indirect, wholly owned subsidiary of Elevance in 2030.

(C) Why transaction is necessary or desirable

In addition to the benefits noted above, the Proposed Transaction is expected to result in additional provider resources and expanded health plan services over time by increasing access to high-performing providers. In addition, the joint venture will use an integrated model that is

designed to help reduce healthcare costs by providing care management, care coordination and health IT solutions.

The Proposed Transaction is also expected to accelerate improvements in quality of care and patient experience. This includes empowering physicians to deliver high-quality and more personalized care and providing health IT and administrative solutions. The Proposed Transaction will not result in changes to the Plan's business plan or operations and will have no adverse impact on the care delivery system, network or cost to members.

(D) General public impact or benefits of transaction

See above.

(E) Narrative description of competitive impacts of transaction

The Proposed Transaction will increase the availability and accessibility of healthcare services and increase competition among providers and health plans in California. There is no horizontal overlap between the Plan and any of the other parties to the Proposed Transaction, and the Proposed Transaction will not result in any lessening of competition.

The Proposed Transaction will not affect the Plan's enrollees or the stabilization of the health care delivery system as the Plan's current operations will continue without interruption. Enrollees' coverage and access to providers will not change as a result of the Proposed Transaction. The Proposed Transaction will not change the number of plan options available to consumers in California or result in dominance in any market by the Plan. The Proposed Transaction will not adversely impact costs in the state. If anything, the parties anticipate that any cost impact would be positive, as a primary purpose of the joint venture is to deliver higher quality and more affordable healthcare services across all areas of operation.

The Plan only services approximately 31,000 MA enrollees. According to the DMHC's website, the health plans it regulates have combined enrollment of approximately 29.7 million, including approximately 16.4 million government enrollees. The Plan's total enrollment represents approximately 0.1% of the total enrollment in the state. The Plan's government enrollment represents approximately 0.2% of the total enrollment in the state. Beyond the low number of enrollees implicated, the Plan also notes that its enrollees will not be affected by the Proposed Transaction as their coverage, health plan enrollment materials and processes, full-service plan (i.e., the issuing plan), and provider network will not change as a result of the Proposed Transaction.

In addition to the lack of competitive impact as a result of the Proposed Transaction, the Plan's business is exclusively in the MA market. The Centers for Medicare & Medicaid Services ("CMS") determines how many MA plans exist in any given Medicare market and where those plans operate. Stated differently, CMS – through the application process – evaluates the competitiveness and saturation of MA markets and approves MA plan applications and assignments accordingly.

(F) Description of actions or activities to mitigate potential adverse impact

There is no expected adverse impact to the public as a result of the Proposed Transaction. Following the Closings, the Plan will continue to meet or exceed all financial solvency requirements set forth in the Knox-Keene Act. The Proposed Transaction will not affect adversely the financial condition, financial performance or financial stability of the Plan. Further, at the Second Closing, Elevance will cause Carelon Holdings and its subsidiaries, including the Plan, to in the aggregate hold positive net cash position in an amount as set forth in the Agreement, as well as have capital sufficient to satisfy reserve requirements under

applicable law. Moreover, the Proposed Transaction is not expected to increase the administrative costs of the Plan.

- Other Parties to Transaction. The below listed entities¹ are party to a series of transactions related to a joint venture between Elevance and funds affiliated with, or managed by, Clayton, Dubilier & Rice, LLC (“CD&R” and such transaction, the “Proposed Transaction”) pursuant to that certain Master Transaction Agreement and Plan of Merger, dated April 12, 2024 (the “Agreement”), by and among Marine Topco, LLC, a Delaware limited liability company (“MPG”), Truth Holdings Topco, Inc., a Delaware corporation (“Apree”), Elevance, Augusta Topco Holdings, L.P., a Delaware limited partnership (“Holdings”), Augusta Parent, LLC, a Delaware limited liability company (“Parent”), Augusta Buyer, Inc., a Delaware corporation (“Augusta”), MPG Merger Sub, LLC, a Delaware limited liability company and a wholly owned subsidiary of Augusta (“MPG Merger Sub”) and Apree Merger Sub, Inc., a Delaware corporation and a wholly owned subsidiary of Augusta (“Apree Merger Sub”). The below descriptions of these entities include the information listed in 22 CCR § 97438(b)(3) to the extent applicable.

1. Elevance Health, Inc.: Elevance, a publicly traded Indiana corporation, is the holding company for the Elevance family of companies. Elevance affiliated health plans serve over 46 million medical members (as of March 31, 2024). Elevance’s affiliated health plans are independent licensees of the Blue Cross and Blue Shield Association, an association of independent health benefit plans, which serve members as the Blue Cross and/or Blue Shield licensees for all or portions of 14 states: California, Colorado, Connecticut, Georgia, Indiana, Kentucky, Maine, Missouri, Nevada, New Hampshire, New York, Ohio, Virginia, and Wisconsin. Pharmacy benefit management services are offered through Elevance’s subsidiary, CarelonRx, Inc. Elevance’s subsidiaries are licensed to conduct insurance operations in all 50 states, the District of Columbia and Puerto Rico.

Through its subsidiaries, Elevance offers network-based managed care risk-based plans to Individual, Group, Medicaid and Medicare segments. In addition, Elevance provides through its subsidiaries managed care services to fee-based customers, including claims processing, stop loss insurance, provider network access, medical management, care management, wellness programs, actuarial services and other administrative services. Elevance’s subsidiaries also provide services to the federal government in connection with Elevance’s Federal Health Products & Services business, which administers the Federal Employees Health Benefits Program.

Elevance’s subsidiaries provide an array of specialty services both to other affiliated health plans and also unaffiliated health plans, including pharmacy services, dental, vision and supplemental health insurance benefits, as well as integrated health services.

Elevance believes that its local presence, combined with its national expertise, creates opportunities for collaborative programs that reward physicians and hospitals for clinical quality and excellence, which improves patient outcomes. Elevance’s commitment to health improvement and care management provides added value to customers and healthcare professionals.

¹ Albion Medical Partners of California West, P.C. (“Albion PC”) is a California physician practice that receives administrative services from Carelon Holdings. Given the Proposed Transaction structure, no change of control or governance of Albion PC (or any other relevant transactional circumstance within the meaning of 22 CCR § 97435(c)) will occur as a result of the Proposed Transaction and no filing is required as related to Albion PC. Albion PC is not included in this list because it is not a party to the Proposed Transaction within the meaning of 22 CCR § 97438(b)(3).

Additional information concerning Elevance’s business, history, operating segments, strategies and operating principles, acquisitions and merger history, health benefits products and services, and other matters can be found under the caption “Item 1. Business” in Elevance’s Annual Report on Form 10-K for the year ended December 31, 2023, filed with the U.S. Securities and Exchange Commission.

This notice is being filed with the Office of Health Care Affordability (“OHCA”) at the request of OHCA and as related to the Plan’s Notice of a Material Modification filing with the California Department of Managed Health Care (“DMHC”) regarding the Proposed Transaction. Further, as requested by OHCA, Elevance will file a separate notice with OHCA related to the Proposed Transaction. However, Elevance and the Plan note that Elevance is not a “health care entity” as defined in 22 CCR § 97431(g) and Cal. Health & Safety Code § 127500.2(k) since it is not a payer, provider or fully integrated delivery system and does not act in California on behalf of any payer. Rather, as described in further detail above, Elevance is a holding company for the Elevance family of companies. In addition, other than the contribution by Elevance to Parent of 100% of the equity interests of Carelon Holdings in exchange for equity interests in Parent (the “Carelon Contribution”), no part of the Proposed Transaction, including the Elevance Cash Contributions (as defined below), meets the definition of “transaction” set forth in 22 CCR § 97431(p) as it does not impact or concern “the provision of health care services in California.” In other words, the only element of the Proposed Transaction that meets the definition of “transaction” set forth in 22 CCR § 97431(p) is Elevance’s contribution of the Plan.

2. Carelon Management Services, Inc.: Carelon Holdings is an indirect, wholly owned subsidiary of Elevance that is incorporated in California and holds certain subsidiaries ultimately held by Elevance, including the Plan.
3. Clayton, Dubilier & Rice, LLC: Founded in 1978, CD&R is a leading private investment firm that invests in businesses spanning a broad range of industries, including industrial, healthcare, consumer, technology and financial services end markets. CD&R is privately owned by its partners.
4. CD&R Investment Associates XI, Ltd.: CD&R Investment Associates XI, Ltd. is a Cayman Islands limited company. It is a wholly owned subsidiary of Clayton, Dubilier & Rice Investment Holdings GP, L.P. and an indirect wholly owned subsidiary of CD&R. CD&R Investment Associates XI, Ltd. is the general partner of CD&R Augusta Holdings, L.P. CD&R Investment Associates XI, Ltd., on behalf of itself and applicable affiliates (collectively, the “Delegating Parties”), will establish an oversight committee of three individuals (the “Oversight Committee”) to whom all of the powers and rights, if any, possessed by the Delegating Parties to direct or cause the direction of the management and policies of CD&R Augusta Holdings (defined below) with respect to the Plan will be delegated pursuant to the Insurance Oversight Committee Charter. The initial members of the Oversight Committee will be Ravi Sachdev, Elliot Blask and Jeffery Wang.
5. CD&R Augusta Holdings, L.P.: CD&R Augusta Holdings, L.P. (“CD&R Augusta Holdings”) is a Cayman Islands exempted limited partnership that was registered on February 28, 2024 and was formed for the purposes of effecting the Proposed Transaction and serving as an aggregator to facilitate the participation by each of (i) CD&R Fund XI Augusta, L.P., (ii) CD&R Fund XI-A Augusta, L.P., (iii) CD&R Fund XI Advisor Augusta, L.P. and (iv) CD&R XI (Scotland) Augusta, L.P. as limited partners in the Proposed Transaction (the “CD&R Fund XI Limited Partnerships”). None of the CD&R Fund XI Limited Partnerships will have voting rights with respect to CD&R

Augusta Holdings or the Plan, nor will they exercise control of CD&R Augusta Holdings or the Plan through any other means. The general partner of CD&R Augusta Holdings is CD&R Investment Associates XI, Ltd. CD&R Augusta Holdings has not conducted any activities other than those incidental to its formation to facilitate the Proposed Transaction and the matters contemplated by the Agreement.

6. Marine Topco, LLC: MPG is a holding company formed on February 17, 2021 for Millennium Physicians Group, a leading primary care centric platform serving nearly 900 healthcare providers across multiple states. MPG does not operate within the State of California and is not a “health care entity” under 22 CCR § 97431(g).
7. Truth Holdings Topco, Inc.: Apree is a holding company incorporated on March 16, 2021 for apree health, which offers best-in-class digital navigation and clinical advocacy capabilities with advanced primary care to deliver better care outcomes and a unique patient experience while driving affordability. Apree has limited operations in the State of California, has less than 25 physicians and is not otherwise a “provider” under Cal. Health & Safety Code § 127500.2(g). Therefore, Apree is excluded from the definition of “health care entity” pursuant to 22 CCR § 97431(g)(4) and Cal. Health & Safety Code § 127500.2(p)(6) and is not subject to the OHCA notice requirements set forth in Cal. Health & Safety Code § 127507.
8. Augusta Holdings GP, LLC: Augusta Holdings GP, LLC (“Holdings GP”) was formed on April 3, 2024 for the purposes of effecting the Proposed Transaction. The managing member of Holdings GP is CD&R Augusta Holdings. In connection with the Proposed Transaction, CD&R Augusta Holdings and Elevance will become members of Holdings GP. Holdings GP has not conducted any activities other than those incidental to its formation and the matters contemplated by the Agreement.
9. Augusta Topco Holdings, L.P.: Holdings was formed on April 4, 2024 for the purposes of effecting the Proposed Transaction, as described in further detail below. At the Closings, Holdings will serve as a holding company for the investments and contributions described below. The general partner of Holdings is Holdings GP. Holdings has not conducted any activities other than those incidental to its formation and the matters contemplated by the Agreement.
10. Augusta Parent, LLC: Parent was formed on April 4, 2024 for the purposes of effecting the Proposed Transaction and is a direct, wholly owned subsidiary of Holdings. Parent has not conducted any activities other than those incidental to its formation and the matters contemplated by the Agreement.
11. Augusta Midco, Inc.: Augusta Midco, Inc., a Delaware corporation (“Midco”) was formed on April 4, 2024 for the purposes of effecting the Proposed Transaction and is a direct, wholly owned subsidiary of Parent. Midco has not conducted any activities other than those incidental to its formation and the matters contemplated by the Agreement.
12. Augusta Buyer, Inc.: Augusta was formed on April 4, 2024 for the purposes of effecting the Proposed Transaction and holding MPG and its subsidiaries, Apree and its subsidiaries and Carelon Holdings and its subsidiaries. Augusta is a direct, wholly owned subsidiary of Midco. Augusta has not conducted any activities other than those incidental to its formation and the matters contemplated by the Agreement.

- Business addresses, if known, of all new entities that will be formed as a result of the transaction
 1. CD&R Augusta Holdings, L.P.: c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands
 2. Augusta Holdings GP, LLC: /o Clayton, Dublier & Rice, LLC, 375 Park Avenue, 18th Floor, New York, NY 10152
 3. Augusta Topco Holdings, L.P: c/o Clayton, Dublier & Rice, LLC, 375 Park Avenue, 18th Floor, New York, NY 10152
 4. Augusta Parent, LLC: c/o Clayton, Dublier & Rice, LLC, 375 Park Avenue, 18th Floor, New York, NY 10152
 5. Augusta Midco, Inc: c/o Clayton, Dublier & Rice, LLC, 375 Park Avenue, 18th Floor, New York, NY 10152
 6. Augusta Buyer, Inc.: c/o Clayton, Dublier & Rice, LLC, 375 Park Avenue, 18th Floor, New York, NY 10152