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DELTA REPORT

10-Q

OSCR - OSCAR HEALTH, INC.

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	2379
CHANGES	85
DELETIONS	1100
ADDITIONS	1194

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2023 March 31, 2024

or

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

For the transition period from __________to__________

Commission File Number: 001-40154

Oscar Health, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**46-1315570**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
75 Varick Street, 5th Floor New York, NY	**10013**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(646) 403-3677**

Former name, former address and former fiscal year, if changed since last report: **N/A**

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock, $0.00001 par value per share	**OSCR**	**New York Stock Exchange**

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

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

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

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

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

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

Class of Stock	Shares Outstanding as of October 31, 2023 April 30, 2024
Class A Common Stock, par value $0.00001 per share	190,815,085 201,709,432
Class B Common Stock, par value $0.00001 per share	35,296,176 35,514,201

Oscar Health, Inc.

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FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q may be forward-looking statements. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "targets," "projects," "contemplates," "believes," "estimates," "forecasts," "predicts," "potential" or "continue" or the negative of these terms or other similar expressions. Forward-looking statements contained in this Quarterly Report on Form 10-Q include, but are not limited to, statements regarding our future results of operations and financial position, risk adjustment payments, industry, regulatory and business trends, stock compensation, our commercial arrangements, business strategy, plans and plan mix, membership and market growth, and our objectives for future operations. operations, including our profitability goals.

The forward-looking statements in this Quarterly Report on Form 10-Q are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition, and results of operations. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to, the following:

- our Our ability to execute our strategy and manage our growth effectively;
- our Our ability to retain and expand our member base;
- heightened Heightened competition in the markets in which we participate;
- our Our ability to accurately estimate our incurred medical expenses or effectively manage our medical costs or related administrative costs;
- our Our ability to achieve or maintain profitability in the future;
- changes Changes in federal or state laws or regulations, including changes with respect to the ACA Patient Protection and Affordable Care Act ("ACA") and any regulations enacted thereunder;
- our Our ability to comply with ongoing regulatory requirements, including capital reserve and surplus requirements and applicable performance standards;
- changes Changes or developments in the health insurance markets in the United States, including passage and implementation of a law to create a single-payer or government-run health insurance program;
- Our, or any of our vendors', ability to comply with applicable privacy, security, and data laws, regulations, and standards including as a result related to the handling of our participation in government-sponsored programs, such as Medicare; information about individuals or applicable consumer protection laws;
- our Our ability to arrange for the delivery of quality care and maintain good relations with the physicians, hospitals, and other providers within and outside our provider networks;
- our ability to anticipate Unanticipated results of or changes to risk adjustment programs;
- our Our ability to utilize quota share reinsurance to reduce meet our capital and surplus requirements and protect against downside risk on medical claims;
- unfavorable Unfavorable or otherwise costly outcomes of lawsuits, audits, investigations, and claims that arise from the extensive laws and regulations to which we are subject;
- our ability to attract and retain qualified personnel;
- incurrence Incurrence of cyber-security data security breaches of our and our partners' information and technology systems;
- our Our ability to remediate a attract and retain qualified personnel;
- Our ability to detect and prevent material weakness weaknesses or significant control deficiencies in our internal controls over financial reporting and the identification of additional material weaknesses in the future or other failure to maintain an effective system of internal controls;
- adverse Adverse publicity or other adverse consequences related to our dual class structure or "controlled company" status; and
- the other factors The risks and uncertainties described under the sections caption "Risk Factors" and "Management's Discussion and Analysis in Part I, Item 1A of Financial Condition and Results of Operations" in this Quarterly our Annual Report on Form 10-Q. 10-K for the fiscal year ended December 31, 2023, filed with the Securities and Exchange Commission on February 15, 2024.

The forward-looking statements in this Quarterly Report on Form 10-Q are based upon information available to us as of the date of this Quarterly Report on Form 10-Q, and while we believe such information forms a reasonable basis for such statements, such information may be limited or incomplete, and our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all potentially available relevant information. These statements are inherently uncertain and investors are cautioned not to unduly rely upon these statements.

You should read this This Quarterly Report on Form 10-Q and the documents that we reference in this Quarterly Report on Form 10-Q and have filed as exhibits to this Quarterly Report on Form 10-Q should be read with the understanding that our actual future results, levels of activity, performance and achievements may be materially different from what we expect. We qualify all of our forward-looking statements by these cautionary statements. These forward-looking statements speak only as of the date of this Quarterly Report on Form 10-Q. Except as required by applicable law, we do not plan to publicly update or revise any forward-looking statements contained in this Quarterly Report on Form 10-Q, whether as a result of any new information, future events or otherwise.

BASIS OF PRESENTATION

As used in this Quarterly Report on Form 10-Q, unless the context otherwise requires, references to:

- "we," "us," "our," "our business," the "Company," "Oscar," and similar references refer to Oscar Health, Inc. and its subsidiaries.
- "Holdco" refers to Oscar Health, Inc. and its consolidated subsidiaries excluding its regulated insurance subsidiaries.
- "ACA" refers to the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, as amended.
- "Adjusted Administrative Expense Ratio" is defined as provided in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Operating and Non-GAAP Financial Metrics—Adjusted Administrative Expense Ratio."
- "Annual Election Period" refers to the yearly period when beneficiaries can enroll or disenroll in an Original Medicare or Medicare Advantage ("MA") health plan. The Annual Election Period starts on October 15 and ends on December 7 of each year.
- "APTC" refers to advanced premium tax credits.
- "Assumed Policy Premiums" are premiums received primarily as part of our reinsurance arrangement under the Cigna+Oscar Small Group plan offering.
- "CMS" refers to Centers for Medicare & Medicaid Services.
- "Co-Founders" refers to Joshua Kushner and Mario Schlosser.
- "direct policy premium" refers to monthly premiums collected from our members and/or from the federal government during the period indicated, before risk adjustment and reinsurance.
- "full stack technology platform" refers to our cloud-based end-to-end technology solution, which powers our differentiated member experience engine. Our platform connects our member-facing features, including our mobile application, which we refer to as our app, website, and virtual care solutions with our back-office tools that span all critical health care insurance and technology domains, including member and provider data, utilization management, claims management, billing, and benefits.
- "Health Insurance Marketplaces" refers to the health insurance marketplaces established per the ACA and operated by the federal government for most states and other marketplaces operated by individual states, for individuals and small employers to purchase health insurance coverage in the individual and small group markets that include minimum levels of benefits, restrictions on coverage limitations and premium rates, and APTC.
- "health insurance subsidiary" refers to any subsidiary of Oscar Health, Inc. that has applied for or received a license, certification or authorization to sell health plans by any state Department of Insurance, Department of Financial Services, Department of Health, or comparable regulatory authority. As of September 30, 2023, Oscar Health, Inc. had 14 health insurance subsidiaries. "InsuranceCo" is used to refer to all Oscar's regulated insurance subsidiaries.
- "health plans" refers to the health insurance plans that Oscar sells in the individual and small group markets and the MA plans that Oscar sells in the MA market. The term includes co-branded health plans sold directly by our health insurance subsidiaries and, in the case of the Cigna+Oscar plan sold directly by our partner and partially reinsured by an Oscar health insurance subsidiary.
- "InsuranceCo Administrative Expense Ratio" is defined as provided in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Operating and Non-GAAP Financial Metrics—InsuranceCo Administrative Expense Ratio."
- "InsuranceCo Combined Ratio" is defined as the sum of Medical Loss Ratio and InsuranceCo Administrative Expense Ratio.
- "Medical Loss Ratio" or "MLR" is defined as provided in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Key Operating and Non-GAAP Financial Metrics—Medical Loss Ratio."
- "member" refers to any individual covered by any health plans that we offer directly or through a co-branded arrangement. A member covered under more than one of our health plans counts as a single member for the purposes of this metric. Our membership is measured as of a particular point in time and may be affected by enrollment changes, including retroactive disenrollments.
- "Open Enrollment Period" refers to the yearly period when individuals and families can enroll in a health plan or make changes to an existing health plan. The 2023 Open Enrollment Period for the ACA individual market in the majority of states began on November 1, 2022 and lasted through at least January 15, 2023. The MA Open Enrollment Period, which permits switching between MA plans, started on January 1, 2023 and ended on March 31, 2023.
- "Parent" means Oscar Health, Inc. on a stand-alone basis.
- "PMPM" refers to per member per month.
- "Special Enrollment Period" refers to a period outside the Open Enrollment Period or Annual Election Period when an eligible person can enroll in a health plan or make changes to an existing health plan. A person is generally eligible to participate in a Special Enrollment Period if certain qualifying life events occur, such as losing certain health coverage, moving, getting married, having a baby, or adopting a child or resulting from regulatory requirements. For example, in 2023, this included an extension of the Open Enrollment Period in New York for the duration of the COVID-19 public health emergency ("PHE") which ended on May 11, 2023, and a Special Enrollment Period in California also tied to the duration of the PHE. CMS has also announced a sixteen month Special Enrollment Period for individuals that lose Medicaid or Children's Health Insurance Program coverage as a result of the Medicaid redetermination process, which began April 1, 2023 and will end July 31, 2024.
- "Thrive Capital" refers to Thrive Capital Management, LLC, a Delaware limited liability company, and the investment funds affiliated with or advised by Thrive Capital Management, LLC.
- "Thrive General Partners" refers to Thrive Partners II GP, LLC, Thrive Partners III GP, LLC, Thrive Partners V GP, LLC, Thrive Partners VI GP, LLC, Thrive Partners VII GP, LLC, and Thrive Partners VII Growth GP, LLC, each of which is a general partner of a Thrive Capital-affiliated fund.

Certain monetary amounts, percentages, and other figures included in this Quarterly Report on Form 10-Q have been subject to rounding adjustments. Percentage amounts included in this Quarterly Report on Form 10-Q have not in all cases been calculated on the basis of such rounded figures, but on the basis of such amounts prior to rounding. For this reason, percentage amounts in this Quarterly Report on Form 10-Q may vary from those obtained by performing the same calculations using the figures in our Condensed

Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q. Certain other amounts that appear in this Quarterly Report on Form 10-Q may not sum due to rounding.

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

Oscar Health, Inc.
Condensed Consolidated Statements of Operations
(unaudited)

(in thousands, except per share amounts)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Revenue		
Premium	$ 2,093,682	$ 1,428,626
Investment income	42,989	36,056
Services and other	5,634	5,003
Total revenue	2,142,305	1,469,685
Operating Expenses		
Medical	1,554,774	1,091,592
Selling, general, and administrative	394,162	398,519
Depreciation and amortization	7,811	4,939
Total operating expenses	1,956,747	1,495,050
Earnings (loss) from operations	**185,558**	**(25,365)**
Interest expense	5,902	6,136
Other expenses	1,178	6,106
Earnings (loss) before income taxes	**178,478**	**(37,607)**
Income tax expense	996	2,021
Net income (loss)	**177,482**	**(39,628)**
Less: Net income attributable to noncontrolling interests	114	144
Net income (loss) attributable to Oscar Health, Inc.	**$ 177,368**	**$ (39,772)**
Earnings (Loss) per Share		
Basic	**$ 0.77**	**$ (0.18)**
Diluted	**$ 0.62**	**$ (0.18)**
Weighted Average Common Shares Outstanding		
Basic	**231,443**	**216,913**
Diluted	**293,796**	**216,913**

See the accompanying Notes to Condensed Consolidated Financial Statements

Oscar Health, Inc.
Condensed Consolidated Statements of Comprehensive Income
(unaudited)

(in thousands)	Three Months Ended March 31, 2024	Three Months Ended March 31, 2023
Net income (loss)	**$ 177,482**	**$ (39,628)**
Other comprehensive income (loss), net of tax:		
Net unrealized gains (losses) on securities available for sale	(3,903)	5,236
Comprehensive income (loss)	**173,579**	**(34,392)**

Comprehensive income attributable to noncontrolling interests	114	144
Comprehensive income (loss) attributable to Oscar Health, Inc.	**$ 173,465**	**$ (34,536)**

See the accompanying Notes to Condensed Consolidated Financial Statements

Oscar Health, Inc.

Condensed Consolidated Balance Sheets

(in thousands, except share and per share amounts) Statements of Operations

(unaudited)

	September 30, 2023	**December 31, 2022**
Assets		
Current Assets:		
Cash and cash equivalents	$ 1,399,791	$ 1,558,595
Short-term investments	1,044,445	1,397,287
Premiums and accounts receivable	207,098	216,475
Risk adjustment transfer receivable	54,127	49,861
Reinsurance recoverable	277,803	892,887
Other current assets	8,358	6,450
Total current assets	2,991,622	4,121,555
Property, equipment, and capitalized software, net	62,022	59,888
Long-term investments	179,633	222,919
Restricted deposits	27,335	27,483
Other assets	88,899	94,756
Total Assets	**$ 3,349,511**	**$ 4,526,601**
Liabilities and Stockholders' Equity		
Current Liabilities:		
Benefits payable	$ 910,449	$ 937,727
Risk adjustment transfer payable	751,196	1,517,493
Premium deficiency reserve	179	4,214
Unearned premiums	71,601	78,998
Accounts payable and other liabilities	260,137	297,841
Reinsurance payable	67,314	427,649
Total current liabilities	2,060,876	3,263,922
Long-term debt	298,583	297,999
Other liabilities	68,618	72,280
Total liabilities	**2,428,077**	**3,634,201**
Commitments and contingencies (Note 12)		
Stockholders' Equity		
Preferred stock, $0.00001 par value; 82,500,000 shares authorized, none outstanding as of September 30, 2023 and December 31, 2022	—	—
Class A common stock, $0.00001 par value; 825,000,000 shares authorized, 190,796,321 and 181,176,239 shares outstanding as of September 30, 2023 and December 31, 2022, respectively	2	2
Class B common stock, $0.00001 par value; 82,500,000 shares authorized, 35,296,176 and 35,115,807 shares outstanding as of September 30, 2023 and December 31, 2022, respectively	—	—
Treasury stock (314,600 shares as of September 30, 2023 and December 31, 2022)	(2,923)	(2,923)
Additional paid-in capital	3,653,535	3,509,007
Accumulated deficit	(2,726,685)	(2,605,987)
Accumulated other comprehensive income (loss)	(4,453)	(9,715)
Total Oscar Health, Inc. stockholders' equity	919,476	890,384
Noncontrolling interests	1,958	2,016
Total stockholders' equity	921,434	892,400

	2024	2023
Total Liabilities and Stockholders' Equity	**$ 3,349,511**	**$ 4,526,601**

	Three Months Ended March 31,	
(in thousands, except per share amounts)	2024	2023
Revenue		
Premium	$ 2,093,682	$ 1,428,626
Investment income	42,989	36,056
Services and other	5,634	5,003
Total revenue	2,142,305	1,469,685
Operating Expenses		
Medical	1,554,774	1,091,592
Selling, general, and administrative	394,162	398,519
Depreciation and amortization	7,811	4,939
Total operating expenses	1,956,747	1,495,050
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Basic	**$ 0.77**	**$ (0.18)**
Diluted	**$ 0.62**	**$ (0.18)**
Weighted Average Common Shares Outstanding		
Basic	**231,443**	**216,913**
Diluted	**293,796**	**216,913**

See the accompanying Notes to Condensed Consolidated Financial Statements

Oscar Health, Inc.

Condensed Consolidated Statements of Comprehensive Income

(unaudited)

	Three Months Ended March 31,	
(in thousands)	2024	2023
Net income (loss)	**$ 177,482**	**$ (39,628)**
Other comprehensive income (loss), net of tax:		
Net unrealized gains (losses) on securities available for sale	(3,903)	5,236
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Comprehensive income (loss) attributable to Oscar Health, Inc.	**$ 173,465**	**$ (34,536)**

See the accompanying Notes to Condensed Consolidated Financial Statements

Oscar Health, Inc.

Condensed Consolidated Statements of Operations

(in thousands, except share and per share amounts)

(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Revenue				
Premiums before ceded reinsurance	$ 1,394,985	$ 1,318,048	$ 4,305,785	$ 4,001,589
Reinsurance premiums ceded	(2,903)	(364,384)	(10,111)	(1,097,929)
Premiums earned	1,392,082	953,664	4,295,674	2,903,660
Administrative services revenue	3,871	19,421	11,612	58,366
Investment income and other revenue	44,038	5,342	123,925	6,485
Total revenue	**1,439,991**	**978,427**	**4,431,211**	**2,968,511**
Operating Expenses				
Claims incurred, net	1,163,194	852,689	3,436,785	2,395,894
Other insurance costs	192,863	174,978	618,078	510,580
General and administrative expenses	75,503	78,557	254,106	233,975
Federal and state assessments	69,876	71,114	216,414	209,730
Premium deficiency reserve release	(3,201)	(6,539)	(4,034)	(14,280)
Total operating expenses	1,498,235	1,170,799	4,521,349	3,335,899
Loss from operations	**(58,244)**	**(192,372)**	**(90,138)**	**(367,388)**
Interest expense	6,130	6,126	18,386	16,488
Other expenses (income)	414	(3,336)	8,132	(1,076)
Loss before income taxes	**(64,788)**	**(195,162)**	**(116,656)**	**(382,800)**
Income tax expense (benefit)	915	(1,615)	4,100	192
Net loss	**(65,703)**	**(193,547)**	**(120,756)**	**(382,992)**
Less: Net income (loss) attributable to noncontrolling interests	(305)	(634)	(58)	(2,763)
Net loss attributable to Oscar Health, Inc.	**$ (65,398)**	**$ (192,913)**	**$ (120,698)**	**$ (380,229)**
Earnings (Loss) per Share				
Net loss per share attributable to Oscar Health, Inc., basic and diluted	**$ (0.29)**	**$ (0.91)**	**$ (0.55)**	**$ (1.80)**
Weighted average common shares outstanding, basic and diluted	**223,098,974**	**212,822,733**	**219,826,759**	**211,560,332**

	Three Months Ended March 31,	
(in thousands, except per share amounts)	2024	2023
Revenue		
Premium	$ 2,093,682	$ 1,428,626
Investment income	42,989	36,056
Services and other	5,634	5,003
Total revenue	2,142,305	1,469,685
Operating Expenses		
Medical	1,554,774	1,091,592
Selling, general, and administrative	394,162	398,519
Depreciation and amortization	7,811	4,939
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Weighted Average Common Shares Outstanding		
Basic	**231,443**	**216,913**
Diluted	**293,796**	**216,913**

See the accompanying Notes to Condensed Consolidated Financial Statements

Oscar Health, Inc.

Condensed Consolidated Statements of Comprehensive Income

(in thousands)

(unaudited)

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
	2023	**2022**	**2023**	**2022**
Net loss	**$ (65,703)**	**$ (193,547)**	**$ (120,756)**	**$ (382,992)**
Other comprehensive income (loss), net of tax:				
Net unrealized gains (losses) on securities available for sale	2,403	730	5,262	(10,820)
Comprehensive loss	**(63,300)**	**(192,817)**	**(115,494)**	**(393,812)**
Comprehensive income (loss) attributable to noncontrolling interests	(305)	(634)	(58)	(2,763)
Comprehensive loss attributable to Oscar Health, Inc.	**$ (62,995)**	**$ (192,183)**	**$ (115,436)**	**$ (391,049)**

	Three Months Ended March 31,	
(in thousands)	**2024**	**2023**
Net income (loss)	**$ 177,482**	**$ (39,628)**
Other comprehensive income (loss), net of tax:		
Net unrealized gains (losses) on securities available for sale	(3,903)	5,236
Comprehensive income (loss)	**173,579**	**(34,392)**
Comprehensive income attributable to noncontrolling interests	114	144
Comprehensive income (loss) attributable to Oscar Health, Inc.	**$ 173,465**	**$ (34,536)**

See the accompanying Notes to Condensed Consolidated Financial Statements

Oscar Health, Inc.

Condensed Consolidated Balance Sheets

(unaudited)

(in thousands, except share amounts)	**March 31, 2024**	**December 31, 2023**
Assets		
Current Assets:		
Cash and cash equivalents	$ 2,230,799	$ 1,870,315
Short-term investments	616,134	689,833

Premiums and accounts receivable (net of allowance for credit losses of $30,600 and $31,600)	342,904	201,269
Risk adjustment transfer receivable	62,037	51,925
Reinsurance recoverable	242,935	241,194
Other current assets	8,983	6,564
Total current assets	3,503,792	3,061,100
Property, equipment, and capitalized software, net	61,406	61,930
Long-term investments	736,624	365,309
Restricted deposits	29,814	29,870
Other assets	87,217	83,271
Total assets	**$ 4,418,853**	**$ 3,601,480**
Liabilities and Stockholders' Equity		
Current Liabilities:		
Benefits payable	$ 1,248,347	$ 965,986
Risk adjustment transfer payable	1,336,022	1,056,941
Premium deficiency reserve	4,332	5,776
Unearned premiums	65,541	65,918
Accounts payable and other liabilities	303,245	273,367
Reinsurance payable	61,938	61,024
Total current liabilities	3,019,425	2,429,012
Long-term debt	298,972	298,777
Other liabilities	66,169	67,574
Total liabilities	**3,384,566**	**2,795,363**
Commitments and contingencies (Note 12)		
Stockholders' Equity		
Class A common stock ($0.00001 par value; 825,000 thousand shares authorized, 200,497 thousand and 193,875 thousand shares outstanding as of March 31, 2024 and December 31, 2023, respectively)	2	2
Class B common stock ($0.00001 par value; 82,500 thousand shares authorized, 35,514 thousand and 35,514 thousand shares outstanding as of March 31, 2024 and December 31, 2023, respectively)	—	—
Treasury stock (315 thousand shares as of March 31, 2024 and December 31, 2023)	(2,923)	(2,923)
Additional paid-in capital	3,736,885	3,682,294
Accumulated deficit	(2,699,347)	(2,876,715)
Accumulated other comprehensive income (loss)	(2,594)	1,309
Total Oscar Health, Inc. stockholders' equity	1,032,023	803,967
Noncontrolling interests	2,264	2,150
Total stockholders' equity	1,034,287	806,117
Total liabilities and stockholders' equity	**$ 4,418,853**	**$ 3,601,480**

See the accompanying Notes to Condensed Consolidated Financial Statements

Oscar Health, Inc.

Condensed Consolidated Statements of Stockholders' Equity

(in thousands, except share amounts)

(unaudited)

	Class A		Class B							
	Shares	**Amount**	**Shares**	**Amount**	**Treasury Stock**	**Additional Paid-In Capital**	**Accumulated Deficit**	**Accumulated Other Comprehensive Income (Loss)**	**Noncontrolling Interests**	**Total Stockholders' Equity**
December 31, 2022	**181,176,239**	**$ 2**	**35,115,807**	**$ —**	**$ (2,923)**	**$ 3,509,007**	**$ (2,605,987)**	**$ (9,715)**	**$ 2,016**	**$ 892,400**
Issuance of common stock from equity incentive plans	2,057,376	—	—	—	—	35	—	—	—	35

	Class A Shares	Class A Amount	Class B Shares	Class B Amount	Treasury Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Stockholders' Equity
Stock-based compensation expense	—	—	—	—	—	73,248	—	—	—	73,248
Joint venture contributions	—	—	—	—	—	471	—	—	—	471
Unrealized gains (losses) on investments, net	—	—	—	—	—	—	—	5,236	—	5,236
Net loss	—	—	—	—	—	—	(39,772)	—	144	(39,628)
March 31, 2023	**183,233,615**	**$ 2**	**35,115,807**	**$ —**	**$ (2,923)**	**$ 3,582,761**	**$ (2,645,759)**	**$ (4,479)**	**$ 2,160**	**$ 931,762**
Issuance of common stock from equity incentive plans	3,556,259	—	—	—	—	2,551	—	—	—	2,551
Stock-based compensation expense	—	—	—	—	—	35,454	—	—	—	35,454
Unrealized gains (losses) on investments, net	—	—	—	—	—	—	—	(2,377)	—	(2,377)
Net loss	—	—	—	—	—	—	(15,528)	—	103	(15,425)
June 30, 2023	**186,789,874**	**$ 2**	**35,115,807**	**$ —**	**$ (2,923)**	**$ 3,620,766**	**$ (2,661,287)**	**$ (6,856)**	**$ 2,263**	**$ 951,965**
Issuance of common stock from equity incentive plans	4,006,447	—	180,369	—	—	300	—	—	—	300
Stock-based compensation expense	—	—	—	—	—	30,449	—	—	—	30,449
Joint venture contributions	—	—	—	—	—	2,020	—	—	—	2,020
Unrealized gains (losses) on investments, net	—	—	—	—	—	—	—	2,403	—	2,403
Net loss	—	—	—	—	—	—	(65,398)	—	(305)	(65,703)
September 30, 2023	**190,796,321**	**$ 2**	**35,296,176**	**$ —**	**$ (2,923)**	**$ 3,653,535**	**$ (2,726,685)**	**$ (4,453)**	**$ 1,958**	**$ 921,434**

See the accompanying Notes to Condensed Consolidated Financial Statements

	Class A		Class B							
(in thousands)	Shares	Amount	Shares	Amount	Treasury Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Stockholders' Equity
December 31, 2023	**193,875**	**$ 2**	**35,514**	**$ —**	**$ (2,923)**	**$ 3,682,294**	**$ (2,876,715)**	**$ 1,309**	**$ 2,150**	**$ 806,117**
Issuance of common stock from equity incentive plans	6,622	—	—	—	—	27,309	—	—	—	27,309
Stock-based compensation expense	—	—	—	—	—	27,282	—	—	—	27,282
Unrealized gains (losses) on investments, net	—	—	—	—	—	—	—	(3,903)	—	(3,903)
Net Income	—	—	—	—	—	—	177,368	—	114	177,482
March 31, 2024	**200,497**	**$ 2**	**35,514**	**$ —**	**$ (2,923)**	**$ 3,736,885**	**$ (2,699,347)**	**$ (2,594)**	**$ 2,264**	**$ 1,034,287**

Oscar Health, Inc.

Condensed Consolidated Statements of Stockholders' Equity (continued)

(in thousands, except share amounts)

(unaudited)

	Class A		Class B							
	Shares	Amount	Shares	Amount	Treasury Stock	Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interests	Total Stockholders' Equity
December 31, 2021	**175,212,223**	**$ 2**	**35,115,807**	**$ —**	**$ (2,923)**	**$3,393,533**	**$ (1,999,712)**	**$ (3,671)**	**$ 5,293**	**$ 1,392,522**

	Class A
(in thousands)	
(in thousands)	

(in thousands)		Shares	Amount	Shares	Amount	Treasury Stock	Addition Paid-In Capital				
December 31, 2022											
Issuance of common stock from equity incentive plans	Issuance of common stock from equity incentive plans	596,556	—	—	—	—	560	—	—	—	560
Stock-based compensation expense	Stock-based compensation expense	—	—	—	—	—	27,690	—	—	—	27,690
Joint venture contributions	Joint venture contributions	—	—	—	—	—	250	—	—	—	250
Unrealized gains (losses) on investments, net	Unrealized gains (losses) on investments, net	—	—	—	—	—	—	—	(8,535)	—	(8,535)
Net loss	Net loss	—	—	—	—	—	—	(75,152)	—	(2,168)	(77,320)
March 31, 2022		**175,808,779**	**$ 2**	**35,115,807**	**$ —**	**$ (2,923)**	**$ 3,422,033**	**$ (2,074,864)**	**$ (12,206)**	**$ 3,125**	**$ 1,335,167**
Issuance of common stock from equity incentive plans		1,227,353	—	—	—	—	364	—	—	—	364
Stock-based compensation expense		—	—	—	—	—	26,991	—	—	—	26,991
Joint venture contributions		—	—	—	—	—	1,021	—	—	—	1,021
Unrealized gains (losses) on investments, net		—	—	—	—	—	—	—	(3,015)	—	(3,015)
Net loss		—	—	—	—	—	—	(112,164)	—	39	(112,125)
June 30, 2022		**177,036,132**	**$ 2**	**35,115,807**	**$ —**	**$ (2,923)**	**$ 3,450,409**	**$ (2,187,028)**	**$ (15,221)**	**$ 3,164**	**$ 1,248,403**
Issuance of common stock from equity incentive plans		2,603,537	—	—	—	—	370	—	—	—	370
Stock-based compensation expense		—	—	—	—	—	28,560	—	—	—	28,560
Joint venture contributions		—	—	—	—	—	53	—	—	—	53
Unrealized gains (losses) on investments, net		—	—	—	—	—	—	—	730	—	730
Net loss		—	—	—	—	—	—	(192,913)	—	(634)	(193,547)
September 30, 2022		**179,639,669**	**$ 2**	**35,115,807**	**$ —**	**$ (2,923)**	**$ 3,479,392**	**$ (2,379,941)**	**$ (14,491)**	**$ 2,530**	**$ 1,084,569**
March 31, 2023											

See the accompanying Notes to Condensed Consolidated Financial Statements

Oscar Health, Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2023	**2022**
Cash flows from operating activities:		
Net loss	$ (120,756)	$ (382,992)

Adjustments to reconcile net loss to net cash (used in) provided by operating activities:		
Deferred taxes	95	6
Net realized loss on sale of financial instruments	70	1,269
Depreciation and amortization expense	22,952	11,548
Amortization of debt issuance costs	583	519
Stock-based compensation expense	133,541	83,241
Net amortization (accretion) of investments	(22,856)	4,138
Changes in assets and liabilities:		
(Increase) / decrease in:		
Premiums and accounts receivable	9,378	(77,057)
Risk adjustment transfer receivable	(4,265)	(3,597)
Reinsurance recoverable	615,084	(392,488)
Other assets	3,854	(12,159)
Increase / (decrease) in:		
Benefits payable	(27,278)	482,178
Unearned premiums	(7,396)	90
Premium deficiency reserve	(4,035)	(14,280)
Accounts payable and other liabilities	(41,366)	13,842
Reinsurance payable	(360,335)	230,401
Risk adjustment transfer payable	(766,297)	284,296
Net cash (used in) provided by operating activities	**(569,027)**	**228,955**
Cash flows from investing activities:		
Purchase of investments	(622,183)	(343,178)
Sale of investments	26,656	360,449
Maturity of investments	1,019,612	483,224
Purchase of property, equipment and capitalized software	(19,475)	(21,882)
Change in restricted deposits	100	1,548
Net cash provided by investing activities	**404,710**	**480,161**
Cash flows from financing activities:		
Proceeds from long-term debt	—	305,000
Payments of debt issuance costs	—	(7,035)
Proceeds from joint venture contribution	2,491	1,324
Proceeds from exercise of stock options	2,886	1,294
Net cash provided by financing activities	**5,377**	**300,583**
Increase (decrease) in cash, cash equivalents and restricted cash equivalents	(158,940)	1,009,699
Cash, cash equivalents, restricted cash and cash equivalents—beginning of period	1,580,497	1,125,557
Cash, cash equivalents, restricted cash and cash equivalents—end of period	**1,421,557**	**2,135,256**
Cash and cash equivalents	1,399,791	2,112,930
Restricted cash and cash equivalents included in restricted deposits	21,766	22,326
Total cash, cash equivalents and restricted cash and cash equivalents	**$ 1,421,557**	**$ 2,135,256**

Oscar Health, Inc.

Condensed Consolidated Statements of Cash Flows

(in thousands)

(unaudited) (continued)

	Nine Months Ended September 30,	
	2023	**2022**
Supplemental Disclosures:		
Interest payments	$ 22,893	$ 9,810

Income tax payments	$	1,000	$	1,660

	Three Months Ended March 31,	
(in thousands)	2024	2023
Cash Flows from Operating Activities:		
Net income (loss)	$ 177,482	$ (39,628)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Deferred taxes	(79)	(183)
Net realized loss on sale of financial instruments	—	43
Depreciation and amortization expense	7,811	4,939
Amortization of debt issuance costs	194	194
Stock-based compensation expense	25,945	71,494
Net accretion of investments	(6,226)	(7,322)
Change in provision for credit losses	(1,000)	8,491
Changes in assets and liabilities:		
(Increase) / decrease in:		
Premiums and accounts receivable	(140,635)	21,949
Risk adjustment transfer receivable	(10,112)	1,740
Reinsurance recoverable	(1,741)	440,652
Other assets	(6,285)	(4,526)
Increase / (decrease) in:		
Benefits payable	282,361	16,349
Unearned premiums	(376)	(5,648)
Premium deficiency reserve	(1,444)	(14)
Accounts payable and other liabilities	28,473	714
Reinsurance payable	914	(387,191)
Risk adjustment transfer payable	279,081	292,662
Net cash provided by operating activities	**634,363**	**414,715**
Cash Flows from Investing Activities:		
Purchase of investments	(556,693)	(202,650)
Sale of investments	—	15,052
Maturity of investments	261,428	330,486
Purchase of property, equipment and capitalized software	(5,950)	(7,379)
Change in restricted deposits	626	—
Net cash (used in) provided by investing activities	**(300,589)**	**135,509**
Cash Flows from Financing Activities:		
Proceeds from joint venture contribution	—	471
Proceeds from exercise of stock options	27,309	35
Net cash provided by financing activities	**27,309**	**506**
Increase in cash, cash equivalents and restricted cash equivalents	**361,083**	**550,730**
Cash, cash equivalents, restricted cash and cash equivalents—beginning of period	1,891,971	1,580,497
Cash, cash equivalents, restricted cash and cash equivalents—end of period	**2,253,054**	**2,131,227**
Cash and cash equivalents	2,230,799	2,109,571
Restricted cash and cash equivalents included in restricted deposits	22,255	21,656
Total cash, cash equivalents and restricted cash and cash equivalents	**$ 2,253,054**	**$ 2,131,227**
Supplemental Disclosures:		
Interest payments	$ 11,118	$ 11,319

See the accompanying Notes to Condensed Consolidated Financial Statements

Oscar Health, Inc.

Notes to Condensed Consolidated Financial Statements (unaudited)

(in thousands, except share and per share amounts, or as otherwise stated herein)

1. ORGANIZATION

Oscar Health, Inc. ("Oscar", together with its subsidiaries (either individually or collectively referred to as "Oscar" or the "Company" "Company,") is the first health insurance company built around a full stack technology platform and a relentless focus on member experience. Headquartered in The Company's Class A common stock is traded on the New York City, Oscar offers two complementary products: (1) innovative and consumer-oriented health plans are sold to individual, small group and Medicare Advantage ("MA") members and (2) via +Oscar, Stock Exchange under the Company leverages its symbol "OSCR".

Powered by our own differentiated cloud-native technology platform, we have built a scaled insurance business that enables us to enable arrangements with other earn our members' trust, leverage the power of personalized data, and help our members find quality care they can afford. In addition to supporting our insurance business, our differentiated technology platform also powers both providers and payors and providers in which health plans and products are powered by Oscar's platform. through +Oscar.

The Company Oscar operates as one segment to sell insurance directly to its members directly and through the federal and state-run health care healthcare exchanges formed in conjunction with the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, as amended ("ACA"), via leverages its health insurance subsidiaries and technology platform to sell provide services via its +Oscar offering. Individual plans are offered to individuals and families through Health Insurance Marketplaces. Small group Group plans are offered to employees of companies with 50 to - 100 full-time workers. The Cigna+Oscar Company also partners with Cigna through the Cigna +Oscar partnership unites Oscar's highly-differentiated member experience with Cigna's broad provider networks to exclusively serve the small group employer market. The Company also offers one MA Oscar previously offered Medicare Advantage insurance coverage, but exited the Medicare Advantage market for plan to adults who are age 65 and older and eligible for traditional Medicare but who instead select coverage through a private market plan. year 2024.

The Company's Class A common stock is traded on the New York Stock Exchange under the symbol "OSCR." Non-Renewal of Cigna + Oscar Partnership

On March 26, 2024, the Company notified Cigna Health and Life Insurance Company that it is not renewing the Cigna+Oscar Small Group arrangement after the expiration of the initial term on December 31, 2024. The parties will continue to offer their Cigna+Oscar Small Group product through December 15, 2024. Following termination of the arrangement on December 31, 2024, the Company will continue to provide transition and run-off services through December 31, 2026 and share proportionally in all premiums and claims for any Cigna+Oscar Small Group plan sold or issued on or before December 31, 2024, in accordance with the terms of the arrangement.

Basis of Presentation

The accompanying interim Condensed Consolidated Financial Statements of the Company are unaudited. These interim unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), and the applicable rules and regulations of the Securities and Exchange Commission for interim financial information. As such, these financial statements do not include all information and footnotes required by U.S. GAAP for complete financial statements.

These Condensed Consolidated Financial Statements are unaudited; however, in the opinion of management, they reflect all adjustments, consisting only of normal recurring adjustments, necessary to state fairly the information presented in conformity with U.S. GAAP applicable for the interim periods presented. The results of operations for the interim periods presented are not necessarily indicative of results for the full year or future periods. These unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements and related notes thereto included in the Company's Annual Report on Form 10-K. 10-K filed with the Securities and Exchange Commission for the year ended December 31, 2023.

Certain monetary amounts, percentages, and other figures included in this Quarterly Report on Form 10-Q have been subject to rounding adjustments. Percentage amounts included in this Quarterly Report on Form 10-Q have not in all cases been calculated on the basis of such rounded figures, but on the basis of such amounts prior to rounding. For this reason, percentage amounts in this Quarterly Report on Form 10-Q may vary from those obtained by performing the same calculations using the figures in the Company's Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q. Certain other amounts that appear in this Quarterly Report on Form 10-Q may not sum due to rounding.

Reclassification

With the commencement of the current fiscal year, the Company has made certain reclassifications to the income statement to provide more transparency into the Company's streams of revenue and to increase comparability with peers. This reclassification has been applied retrospectively, and comparative figures for prior periods have been adjusted accordingly within the accompanying Condensed Consolidated Financial Statements and notes to the Condensed Consolidated Financial Statements. The reclassification does not affect the Company's net income.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the Condensed Consolidated Financial Statements and accompanying notes. Significant estimates inherent in the preparation of the accompanying interim Condensed Consolidated Financial Statements include healthcare costs incurred but not yet reported ("IBNR") and risk adjustment. Estimates are based on past experience and other considerations reasonable under the circumstances. Actual results may differ materially from these estimates.

Accounting Pronouncements - Not Yet Adopted

In November 2023, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2023-07, Segment Reporting (Topic 280): *Improvements to Reportable Segment Disclosures*, which requires, for each reportable segment, disclosure of significant segment expenses categories, other segment items, enhanced interim disclosures of certain segment-related disclosures that previously were only required annually, and other disclosure requirements. This guidance is effective for fiscal years beginning after December 15, 2023, and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of the adoption of this guidance on the Consolidated Financial Statements and related disclosures.

In December 2023, the FASB issued Accounting Standards Update No. 2023-09, Income Taxes (Topic 740): *Improvements to Income Tax Disclosures*, which is intended to improve the transparency of income tax disclosures by requiring greater disaggregation of income tax disclosures related to the income tax rate reconciliation and income taxes paid and other amendments to improve the effectiveness of income tax disclosures. This guidance is effective for annual periods beginning after December 15, 2024, with early adoption permitted. The Company is currently evaluating the impact of the adoption of this guidance on the Consolidated Financial Statements and related disclosures.

2. REVENUE RECOGNITION

Premiums Earned

Premium

Premium revenue includes direct policy premiums collected from members and from the federal government, assumed policy premiums received as part of the reinsurance arrangement under the Cigna+Oscar Small Group plan offering, and risk adjustment, and is net of ceded premium from run-off quota share reinsurance contracts accounted for under reinsurance accounting (See Note 9 - Reinsurance for additional information on the Company's reinsurance contracts).

	Three Months Ended March 31,	
(in thousands)	2024	2023
Direct policy premiums	$ 2,310,100	$ 1,663,474
Assumed premiums	57,612	55,935
Risk adjustment	(269,398)	(293,147)
Premiums before ceded reinsurance	2,098,314	1,426,262
Reinsurance premiums ceded	(4,632)	2,364
Premium	**$ 2,093,682**	**$ 1,428,626**

The direct policy premiums received from Centers for Medicare & Medicaid Services ("CMS") as part of the Advanced Premium Tax Credit ("APTC") and MA programs, along with assumed premiums from the Company's reinsurance agreements. Premium revenue is adjusted for the estimated impact of the risk adjustment program required by CMS. Total premiums earned include the effect of reinsurance premiums ceded as part of the Company's reinsurance agreements accounted for under reinsurance accounting. Refer to Note 3 - Reinsurance for more information. three months ended March 31, 2024 and 2023 were $2.1 billion and $1.4 billion, respectively.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands)			
Direct policy premiums	$ 1,548,571	$ 1,644,880	$ 4,796,819	$ 4,962,133
Assumed premiums	57,836	37,409	174,166	96,294
Direct and assumed policy premiums	1,606,407	1,682,289	4,970,985	5,058,427
Risk adjustment	(211,422)	(364,241)	(665,200)	(1,056,838)
Premiums before ceded reinsurance	1,394,985	1,318,048	4,305,785	4,001,589
Reinsurance premiums ceded	(2,903)	(364,384)	(10,111)	(1,097,929)
Total premiums earned	**$ 1,392,082**	**$ 953,664**	**$ 4,295,674**	**$ 2,903,660**

Services and Other

The following table summarizes the amounts of direct policy premiums received directly from CMS as part of the APTC and MA programs for the three and nine months ended September 30, 2023 and 2022:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands)			
APTC	$ 1,324,362	$ 1,393,664	$ 4,101,375	$ 4,185,920
Medicare Advantage	3,844	13,304	11,604	41,610
Total paid by CMS	**$ 1,328,206**	**$ 1,406,968**	**$ 4,112,979**	**$ 4,227,530**

Revenue from Contracts with Customers

The Company earns fee-based revenue as part of services performed via the +Oscar platform. Administrative services Services revenue and other revenue includes revenue earned from administrative services performed as part of the +Oscar platform.

Revenue is recognized in the period the contractual performance obligations are satisfied and measured in an amount that reflects the consideration the Company expects to be entitled to in exchange for performing the services. The timing of the Company's revenue recognition may differ from the timing of payment by customers. A receivable is recorded to Premiums and accounts receivable when revenue is recognized prior to payment and there is an unconditional right to payment. Alternatively, deferred revenue is recognized recorded to Accounts payable and other liabilities when payment is received before the performance obligations are satisfied. As of September 30, 2023, the Company has a deferred Other revenue liability of $0.6 million and as of December 31, 2022, receivables from contracts with customers was $33.7 million, and is reported within Premiums and accounts receivable on the Condensed Consolidated Balance Sheets.

On January 19, 2023, the Company entered into a termination and settlement agreement with Health First Shared Services, Inc. (“Health First”) under which the Company agreed (i) to terminate the administrative services agreement with Health First and transition services from +Oscar to Health First effective December 31, 2022, (ii) to provide run-off services through the end of 2023 and (iii) to forgo an immaterial amount of services revenue in exchange for a settlement and release on mutually agreeable terms.

includes primarily sublease income.

3. REINSURANCE

The Company enters into ceded reinsurance contracts under two different types of arrangements: quota share reinsurance contracts and excess of loss ("XOL") reinsurance contracts. In quota share reinsurance, the reinsurer assumes an agreed percentage of the underlying policies being reinsured and shares all premiums and incurred claims accordingly. In XOL reinsurance, the reinsurer agrees to assume all or a portion of the ceding company’s losses in excess of a specified amount. INVESTMENTS

All premiums and claims ceded under Net investment income was attributable to the Company's quota share arrangements are shared proportionally with the reinsurers. As part of the agreements, the Company also receives ceding commissions, which are calculated based on a percentage of ceded premiums, and experience refunds (resulting from actual claims experience being lower than a specified threshold). following:

	Three Months Ended March 31,	
(in thousands)	2024	2023
Fixed maturity securities	$ 14,277	$ 14,338
Cash equivalents	28,880	21,897
Investment income	43,157	36,235
Investment expense	(168)	(179)
Total	**$ 42,989**	**$ 36,056**

The Company also operates under an assumed reinsurance contract, under which the Company shares proportionally in all premiums and claims underwritten for the Cigna+Oscar Small Group offering.

Reinsurance Contracts Accounted for under Reinsurance Accounting and Deposit Accounting

The Company currently has quota share reinsurance arrangements with more than one counterparty with multiple state-level treaties. Under Accounting Standards Codification 944: *Financial Services - Insurance,* these arrangements are evaluated to ensure that significant risk is transferred by the ceding entity to the reinsurer. When significant risk is transferred, reinsurance accounting is required. Reinsurance contracts that do not meet the risk transfer requirements are accounted for under the deposit accounting method.

In 2023, the Company's existing quota share reinsurance arrangements are accounted for under the deposit accounting method while XOL and terminated quota share reinsurance agreements currently in runoff are accounted for under reinsurance accounting. For the year ended December 31, 2022 March 31, 2024 and December 31, 2023, the Company's quota share reinsurance arrangements were accounted for under both reinsurance accounting Company recorded accrued investment income of $9.0 million and deposit accounting. $6.6 million, respectively.

The table below summarizes the Company's accounting for its quota share reinsurance premiums:

	Three Months Ended September 30,		Nine Months Ended September 30,	
Summary of Quota Share Reinsurance Program	2023	2022	2023	2022

Percentage of premiums ceded under reinsurance contracts accounted for under deposit accounting	45 %	29 %	46 %	29 %
Percentage of premiums covered under reinsurance contracts accounted for under reinsurance accounting	*NM	18 %	*NM	18 %

**NM - not meaningful*

Reinsurance Contracts Accounted for under Deposit Accounting

Under deposit accounting, a deposit asset or deposit liability is recorded based on the consideration paid or received, irrespective of the experience of the contract. As a result, premiums earned and claims incurred that would have otherwise been ceded under reinsurance accounting are recorded on a net basis on the Condensed Consolidated Balance Sheet as a deposit liability within the Accounts payable and other liabilities line item. As of September 30, 2023 and December 31, 2022, a deposit liability balance of $7.1 million and $1.8 million, respectively, was recorded for the Company's quota share arrangements accounted for under deposit accounting and includes fees retained by the reinsurer, which are recognized within other insurance costs on the statement of operations.

Reinsurance Contracts Accounted for under Reinsurance Accounting

Under reinsurance accounting, premiums paid to the reinsurer are recorded as reinsurance premiums ceded (a reduction to premium revenue) and a corresponding reinsurance payable. Expected reimbursements from the reinsurer for claims incurred are recorded as a reduction to claims incurred and a corresponding reinsurance recoverable asset.

The tables below present information for the Company's reinsurance arrangements accounted for under reinsurance accounting.

The composition of total reinsurance premiums ceded and reinsurance premiums assumed, which are included as components of Premiums earned in the Condensed Consolidated Statement of Operations, is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands)			
Reinsurance premiums ceded, gross	$ (1,354)	$ (382,597)	$ 1,514	$ (1,143,565)
Experience refunds	(1,549)	18,213	(11,625)	45,636
Reinsurance premiums ceded	(2,903)	(364,384)	(10,111)	(1,097,929)
Reinsurance premiums assumed	57,836	37,409	174,166	96,294
Total reinsurance premiums (ceded) and assumed	**$ 54,933**	**$ (326,975)**	**$ 164,055**	**$ (1,001,635)**

The Company records claims expense net of reinsurance recoveries. The following table reconciles the total claims expense to the Claims incurred, net, as presented in the Condensed Consolidated Statement of Operations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands)			
Direct claims incurred	$ 1,116,679	$ 1,153,270	$ 3,301,424	$ 3,255,721
Ceded reinsurance claims	(15,266)	(339,248)	(33,833)	(955,291)
Assumed reinsurance claims	61,781	38,667	169,194	95,464
Claims incurred, net	**$ 1,163,194**	**$ 852,689**	**$ 3,436,785**	**$ 2,395,894**

The Company records General and administrative expenses net of reinsurance ceding commissions. The following table reconciles total other insurance costs to the amount presented in the Condensed Consolidated Statement of Operations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands)			
Other insurance costs, gross	$ 192,833	$ 215,064	$ 617,102	$ 629,993
Reinsurance ceding commissions	30	(40,086)	976	(119,413)
Other insurance costs	**$ 192,863**	**$ 174,978**	**$ 618,078**	**$ 510,580**

The Company classifies Reinsurance recoverable within current assets on its Condensed Consolidated Balance Sheets. The composition of the Reinsurance recoverable balance is as follows:

	September 30, 2023	December 31, 2022
	(in thousands)	
Ceded reinsurance claim recoverables	$ 255,754	$ 776,266
Reinsurance ceding commissions	15,248	42,805
Experience refunds on reinsurance agreements	6,801	73,816
Reinsurance recoverable	**$ 277,803**	**$ 892,887**

Credit Ratings

The financial condition of the Company's reinsurers is regularly evaluated to minimize exposure to significant losses. A key credit quality indicator for reinsurance is the financial strength ratings issued by the credit rating agencies, which provide an independent opinion of a reinsurer's ability to meet ongoing obligations to policyholders. The Company's reinsurers have most recently been issued financial strength ratings of AA- and AA (S&P and DBRS MorningStar).

The creditworthiness of each reinsurer is evaluated in order to assess counterparty credit risk and estimate an allowance for expected credit losses on the Company's reinsurance recoverable balances.

4. BUSINESS ARRANGEMENTS

Variable Interest Entities

In the normal course of business, the Company enters into business arrangements with integrated health systems and several medical professional corporations that employ health care providers to deliver telemedical healthcare services to its covered member population in various states. The financial results of these entities are consolidated into the Company's financial statements.

The following table presents the collective assets and liabilities of the Company's variable interest entities:

	September 30, 2023	December 31, 2022
	(in thousands)	
Assets	$ 124,529	$ 129,629
Liabilities	$ 62,388	$ 78,126

5. RESTRICTED CASH AND RESTRICTED DEPOSITS

The Company maintains cash, cash equivalents and investments on deposit or pledged primarily to various state agencies in connection with its insurance licensure. The restricted cash and cash equivalents and restricted investments presented below are included in Restricted deposits in the accompanying Condensed Consolidated Balance Sheets.

	September 30, 2023	December 31, 2022
	(in thousands)	
Restricted cash and cash equivalents	$ 21,766	$ 21,902
Restricted investments	5,569	5,581
Restricted deposits	**$ 27,335**	**$ 27,483**

6. INVESTMENTS

The following tables provide summaries of the Company's investments by major security type as of September 30, 2023March 31, 2024 and December 31, 2022December 31, 2023:

March 31, 2024					March 31, 2024
(in thousands)	(in thousands)	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
U.S. treasury and agency securities					

Corporate notes

Certificates of deposit

	September 30, 2023			
Total				
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
Total				
	(in thousands)			
U.S. treasury and agency securities	$1,036,859	$ 12	$ (3,747)	$1,033,124
Corporate notes	146,854	14	(694)	146,174
Certificate of deposit	25,663	—	—	25,663
Commercial paper	16,049	—	—	16,049
Municipalities	3,083	—	(15)	3,068
Total Total	**$1,228,508**	**$ 26**	**$ (4,456)**	**$1,224,078**

December 31, 2023

December 31, 2023

December 31, 2023

(in thousands)

(in thousands)

(in thousands)

U.S. treasury and agency securities

U.S. treasury and agency securities

U.S. treasury and agency securities

Corporate notes

Corporate notes

Corporate notes

Certificates of deposit

Certificates of deposit

Certificates of deposit

	December 31, 2022			
Total				
	Amortized Cost	Unrealized Gains	Unrealized Losses	Fair Value
	(in thousands)			
U.S. treasury and agency securities	$1,160,430	$ 89	$ (5,237)	$1,155,282
Corporate notes	378,481	66	(4,098)	374,449
Certificate of deposit	38,082	—	—	38,082

Commercial paper	32,730	—	—	32,730
Municipalities	20,091	—	(428)	19,663
Total Total	$1,629,814	$ 155	$ (9,763)	$1,620,206

Total

The following table summarizes those available-for-sale investments that have been in a continuous loss position for less than 12 months at September 30, 2023 and December 31, 2022:

	September 30, 2023		
	Number of Securities	**Fair Value**	**Gross Unrealized Losses**
	(in thousands), except no. of securities		
U.S. treasury and agency securities	202	$ 900,966	$ (3,346)
Corporate notes	79	114,177	(589)
Total	**281**	**$ 1,015,143**	**$ (3,935)**

	December 31, 2022		
	Number of Securities	**Fair Value**	**Gross Unrealized Losses**
	(in thousands), except no. of securities		
U.S. treasury and agency securities	165	$ 586,411	$ (973)
Corporate notes	138	135,133	(731)
Municipalities	5	3,070	(71)
Total	**308**	**$ 724,614**	**$ (1,775)**

The following table summarizes those available-for-sale tables present the estimated fair value and gross unrealized losses of fixed maturity securities that have been in a continuous gross unrealized loss position, for longer than twelve months by the length of time in which the securities have continuously been in that position, as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023:

	March 31, 2024					
	Less than 12 Months			**12 Months or Longer**		
(in thousands, except no. of securities)	**Number of Securities**	**Fair Value**	**Gross Unrealized Losses**	**Number of Securities**	**Fair Value**	**Gross Unrealized Losses**
U.S. treasury and agency securities	190	$ 875,332	$ (2,231)	—	$ —	$ —
Corporate notes	112	160,333	(719)	6	16,297	(65)
Total	**302**	**$ 1,035,665**	**$ (2,950)**	**$ 6**	**$ 16,297**	**$ (65)**

	September 30, 2023		
	Number of Securities	**Fair Value**	**Gross Unrealized Losses**
	(in thousands), except no. of securities		
U.S. treasury and agency securities	9	$ 56,548	$ (401)
Corporate notes	32	13,037	(105)
Municipalities	5	3,068	(15)
Total	**46**	**$ 72,653**	**$ (521)**

December 31, 2022

	Number of Securities	Fair Value	Gross Unrealized Losses
	(in thousands), except no. of securities		
U.S. treasury and agency securities	45	$ 298,746	$ (4,264)
Corporate notes	189	200,745	(3,367)
Municipalities	57	16,594	(357)
Total	291	$ 516,085	$ (7,988)

(in thousands, except no. of securities)	December 31, 2023					December 31, 2023
	Less than 12 Months			Less than 12 Months		12 Months or Longer
(in thousands, except no. of securities)	Number of Securities	Fair Value	Gross Unrealized Losses	Number of Securities	Fair Value	Gross Unrealized Losses
U.S. treasury and agency securities						
Corporate notes						
Total						
Total						
Total						

The Company monitors available-for-sale debt securities for credit losses and recognizes an allowance for credit losses when factors indicate a decline in the fair value of a security is credit-related. Certain investments may experience a decline in fair value due to changes in market interest rates, changes in general economic conditions, or a deterioration in the credit worthiness of a security's issuer. For securities in an unrealized loss position that the Company does not intend to sell, the Company has assessed the gross unrealized losses during the period and determined an allowance for credit losses is not necessary because the declines in fair value are believed to be due to market fluctuations and not due to credit-related events.

The amortized cost and fair value of the Company's fixed maturity securities as of September 30, 2023 March 31, 2024 and December 31, 2023 by contractual maturity are shown below. Actual maturities of these securities could differ from their contractual maturities because issuers may have the right to call or prepay obligations, with or without penalties.

	September 30, 2023	
	Amortized Cost	Fair Value
	(in thousands)	
Due in one year or less	$ 1,047,389	$ 1,044,445
Due after one year through five years	181,119	179,633
Total	$ 1,228,508	$ 1,224,078

(in thousands)	March 31, 2024		December 31, 2023	
(in thousands)	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Due in one year or less				
Due after one year through five years				
Total				

Net investment income was attributable to the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022

		(in thousands)		
Interest income	$ 34,838	$ 5,987	$ 96,806	$ 9,069
Investment discount amortization net of premium accretion	7,590	(972)	23,172	(4,101)
Net realized gains (losses)	(61)	(761)	(70)	(1,270)
Total	**$ 42,367**	**$ 4,254**	**$ 119,908**	**$ 3,698**

The accrued investment income balances presented below are included within Other current assets in the Condensed Consolidated Balance Sheets.

	September 30, 2023	December 31, 2022
	(in thousands)	
Accrued investment income	$ 8,358	$ 5,074

7. 4. FAIR VALUE MEASUREMENTS

Fair value represents the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants. The Company's financial assets and liabilities measured at fair value on a recurring basis are categorized into a three-level fair value hierarchy based on the priority of the inputs used in the fair value valuation technique.

The levels of the fair value hierarchy are as follows:

- Level 1: Inputs utilize quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: Inputs utilize other than quoted prices included within Level 1 for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; or model-derived valuations in which all significant inputs are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability. in active markets.
- Level 3: Inputs utilized that are unobservable but significant to the fair value measurement for the asset or liability. The unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available. They The unobservable inputs typically reflect management's own estimates about the assumptions a market participant would use in pricing the asset or liability.

The following tables summarize fair value measurements by level for assets and liabilities measured at fair value on a recurring basis:

	September 30, 2023			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Assets				
Cash equivalents	$ 330,697	$ 3,572	$ —	$ 334,269
Investments				
U.S. treasury and agency securities	$ —	$ 1,033,124	$ —	$ 1,033,124

March 31, 2024				
(in thousands)	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents				
Cash equivalents				
Cash equivalents	$ 128,239	$ 360	$ —	$ 128,599
Investments				
U.S. treasury and agency securities				
U.S. treasury and agency securities				
U.S. treasury and agency securities				

	Level 1	Level 2	Level 3	Total
Corporate notes	—	146,174	—	146,174
Certificates of deposit	—	25,663	—	25,663
Commercial paper	—	16,049	—	16,049
Municipalities	—	3,068	—	3,068
Restricted investments				
Certificates of deposit	$ —	$ 2,478	$ —	$ 2,478
U.S. treasury securities	—	3,091	—	3,091
Total Assets	**$330,697**	**$1,233,219**	**$ —**	**$1,563,916**

Corporate notes
Certificates of deposit
Restricted investments
Restricted investments
Restricted investments
Certificates of deposit
Certificates of deposit
Certificates of deposit
U.S. treasury securities
Total

	December 31, 2022			
	Level 1	**Level 2**	**Level 3**	**Total**
Assets	**(in thousands)**			
Cash equivalents	$104,456	$ 13,998	$ —	$ 118,454
Investments				
U.S. treasury and agency securities	$ —	$1,155,282	$ —	$1,155,282

December 31, 2023
(in thousands)
(in thousands) **Level 1** **Level 2** **Level 3** **Total**
Assets
Cash equivalents
Cash equivalents
Cash equivalents
Cash equivalents
Cash equivalents
Cash equivalents
Cash equivalents
Cash equivalents
Cash equivalents
Cash equivalents
Cash equivalents
Cash equivalents
Cash equivalents
Cash equivalents
Cash equivalents
Cash equivalents
Cash equivalents
Cash equivalents
Cash equivalents
Cash equivalents
Cash equivalents
Cash equivalents
Investments
U.S. treasury and agency securities
U.S. treasury and agency securities

U.S. treasury and agency securities					
Corporate notes	Corporate notes	—	374,449	—	374,449
Certificates of deposit	Certificates of deposit	—	38,082	—	38,082
Commercial paper		—	32,730	—	32,730
Municipalities		—	19,663	—	19,663
Restricted investments	Restricted investments				
Restricted investments					
Restricted investments					
Certificates of deposit					
Certificates of deposit					
Certificates of deposit					
U.S. treasury securities	U.S. treasury securities	$ —	$ 5,581	$ —	$ 5,581
Total Assets		**$104,456**	**$1,639,785**	**$ —**	**$1,744,241**
Total					

5. RESTRICTED CASH AND RESTRICTED DEPOSITS

8. The Company maintains cash, cash equivalents and investments on deposit or pledged primarily to various state agencies in connection with its insurance licensure. The restricted cash and cash equivalents and restricted investments presented below are included in Restricted deposits in the accompanying condensed consolidated balance sheets.

(in thousands)	March 31, 2024	December 31, 2023
Restricted cash and cash equivalents	$ 22,255	$ 21,656
Restricted investments	7,559	8,214
Restricted deposits	**$ 29,814**	**$ 29,870**

6. BENEFITS PAYABLE

Reserves for medical claims expenses are estimated using actuarial assumptions and recorded as Benefits payable liabilities on the Condensed Consolidated Balance Sheet. condensed consolidated balance sheets. The assumptions for the estimates and for establishing the resulting liability are reviewed and any adjustments to reserves are reflected in the Condensed Consolidated Statements condensed consolidated statements of Operations operations in the period in which the estimates are updated.

The following table provides a rollforward of the Company's beginning and ending benefits payable and claims adjustment expenses ("CAE") payable balances for the nine three months ended September 30, 2023 March 31, 2024 and 2022: 2023:

	As of September 30, 2023		
	Benefits Payable	Unallocated Claims Adjustment Expense	Total
	(in thousands)		

As of March 31, 2024		As of March 31, 2024			As of March 31, 2023		
(in thousands)	(in thousands)	Benefits Payable	Unallocated Claims Adjustment Expense	Total	Benefits Payable	Unallocated Claims Adjustment Expense	Total

Benefits payable, beginning of the period	Benefits payable, beginning of the period	$ 937,727	$ 12,712	$ 950,439
Less: Reinsurance recoverable	Less: Reinsurance recoverable	277,944	—	277,944
Benefits payable, beginning of the period, net	**Benefits payable, beginning of the period, net**	**$ 659,783**	**$ 12,712**	**$ 672,495**
Claims incurred and CAE	Claims incurred and CAE			
Current year				
Current year				
Current year	Current year	$3,418,106	$ 68,814	$3,486,920
Prior years	Prior years	18,679	—	18,679
Total claims incurred and CAE, net	**Total claims incurred and CAE, net**	**$3,436,785**	**$ 68,814**	**$3,505,599**
Claims paid and CAE	Claims paid and CAE			
Current year				
Current year				
Current year	Current year	$2,737,037	$ 59,454	$2,796,491
Prior years	Prior years	522,678	9,664	532,342
Total claims and CAE paid, net	**Total claims and CAE paid, net**	**$3,259,715**	**$ 69,118**	**$3,328,833**
Benefits and CAE payable, end of period, net	Benefits and CAE payable, end of period, net	$ 836,853	$ 12,408	$ 849,261
Benefits and CAE payable, end of period, net				
Benefits and CAE payable, end of period, net				
Add: Reinsurance recoverable	Add: Reinsurance recoverable	73,596	—	73,596
Benefits and CAE payable, end of period	**Benefits and CAE payable, end of period**	**$ 910,449**	**$ 12,408**	**$ 922,857**

	As of September 30, 2022		
	Benefits Payable	**Unallocated Claims Adjustment Expense**	**Total**
		(in thousands)	
Benefits payable, beginning of the period	$ 513,582	$ 9,101	$ 522,683

Less: Reinsurance recoverable	159,180	—	159,180
Benefits payable, beginning of the period, net	**$ 354,402**	**$ 9,101**	**$ 363,503**
Claims incurred and CAE			
Current year	$ 2,388,122	$ 94,242	$ 2,482,364
Prior years	7,772	—	7,772
Total claims incurred and CAE, net	**$ 2,395,894**	**$ 94,242**	**$ 2,490,136**
Claims paid and CAE			
Current year	$ 1,866,922	$ 77,015	$ 1,943,937
Prior years	207,322	9,101	216,423
Total claims and CAE paid, net	**$ 2,074,244**	**$ 86,116**	**$ 2,160,360**
Benefits and CAE payable, end of period, net	$ 676,052	$ 17,227	$ 693,279
Add: Reinsurance recoverable	319,708	—	319,708
Benefits and CAE payable, end of period	**$ 995,760**	**$ 17,227**	**$ 1,012,987**

Amounts incurred related to prior periods vary from previously estimated liabilities as more claim information becomes available and claims are ultimately settled. The favorable development recognized in the nine three months ended September 30, 2023 March 31, 2024 resulted primarily from medical claims experience developing more favorably than originally expected.

9. LONG-TERM

7. DEBT

Convertible Senior Notes

In

As previously disclosed in in Note 15 - Long-Term Debt, in our Annual Report on Form 10-K for the year ended December 31, 2023, in February 2022, the Company issued $305.0 million in aggregate principal amount of convertible senior notes due 2031 (the "2031 Notes") in a private placement. placement to funds affiliated with or advised by Dragoneer Investment Group, LLC, Thrive Capital, LionTree Investment Management, LLC and Tenere Capital LLC. The 2031 Notes are the Company's senior, unsecured obligations which bear interest at a rate of 7.25% per annum, payable in cash, semi-annually in arrears on June 30 and December 31 of each year, commencing on June 30, 2022. The 2031 Notes will mature on December 31, 2031, subject to earlier repurchase, redemption, or conversion.

The 2031 Notes are the Company's senior, unsecured obligations and are (i) equal in right of payment with the Company's existing and future senior, unsecured indebtedness; (ii) senior in right of payment to the Company's existing and future indebtedness that is expressly subordinated to the 2031 Notes; (iii) effectively subordinated to the Company's existing and future secured indebtedness, to the extent of the value of the collateral securing that indebtedness; and (iv) structurally subordinated to all existing and future indebtedness and other liabilities, including trade payables, and (to the extent the Company is not a holder thereof) preferred equity, if any, of the Company's subsidiaries.

The 2031 Notes are convertible into the Company's Class A common stock at an initial conversion rates rate of 120.1721 per $1,000 principal amount (equivalent to an initial conversion price of approximately $8.32 per share of Class A common stock), subject to customary adjustments upon the occurrence of certain events. In addition, upon During the occurrence quarterly period ended March 31, 2024, a conditional conversion feature of a make-whole fundamental change, as defined in the Indenture governing the 2031 Notes (the "Indenture"), was satisfied when the Company will, in certain circumstances, increase last reported sales price per share of the Company's common stock was greater than 130% of the conversion rate by price of $8.32 per share for each of at least twenty (20) trading days during the period of thirty (30) consecutive trading days ending on, and including, the last trading day of the quarter. As a number of additional shares for a holder that elects to convert its result, the 2031 Notes in connection with such make-whole fundamental change. are convertible during the second quarter of 2024 at the option of the holder. Upon conversion, the 2031 Notes will be settled, at the Company's election, in shares of Class A common stock, cash, or a combination of cash and shares of Class A common stock, subject to certain exceptions.

Upon the occurrence of a fundamental change as defined in the Indenture, holders of the 2031 Notes have the right to require the Company to repurchase all or some of their 2031 Notes for cash, subject to certain conditions. The repurchase price will be equal to the principal amount of the notes to be repurchased, plus accrued and unpaid interest, if any, to, but excluding, the applicable repurchase date. Additionally, the initial purchasers of the 2031 Notes have the right to require the Company to repurchase all of their Notes for cash, on each of June 30, 2027, June 30, 2028, June 30, 2029 and June 30, 2030, subject to certain notice requirements.

The Company may not redeem the 2031 Notes prior to December 31, 2026. The Company may redeem all, but not less than all, of the 2031 Notes, at the Company's option, on or after December 31, 2026 and on or before the 35th scheduled trading day immediately preceding the maturity date, for a cash purchase price equal to the redemption price, but only if the last reported sale price per share of Class A common stock exceeds 200% of the conversion price on each of at least 20 trading days (whether or not consecutive) during the 30 consecutive trading days ending on, and including, the trading day immediately before the date on which the Company sends the redemption notice for such redemption. The redemption price will be a cash amount equal to the principal amount of the 2031 Notes to be redeemed, plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

The 2031 Notes include customary provisions relating to the occurrence of “Events of Default” (as defined in the Indenture), as well as customary covenants for convertible notes of this type, including restrictions on the Company's ability to refinance the Company's indebtedness and incur additional indebtedness.

As of September 30, 2023 March 31, 2024, the net carrying amount of the 2031 Notes was $298.6 299.0 million, with unamortized debt discount and issuance costs of$6.4 million. $6.0 million. The estimated fair value of the 2031 Notes as of March 31, 2024 was $560.3 million. The Company classified the fair value of the 2031 Notes as a level 3 measurement due to the lack of observable market data over fair value inputs such as stock price volatility over the term of the 2031 Notes and the Company's cost of debt. The estimated fair value of the 2031 Notes as of September 30, 2023 was$273.3 million.

The following table presents the interest expense indicating an effective interest rate of 7.61% over the term of the 2031 Notes:

	Three Months Ended March 31,			
(in thousands)	2024		2023	
Coupon interest expense	$	5,528	$	5,528
Amortization of debt discount and issuance costs		194		194
Total interest expense	**$**	**5,722**	**$**	**5,722**

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2023		2022		2023		2022	
	(in thousands)							
Coupon interest expense	$	5,528	$	5,528	$	16,584	$	14,742
Amortization of debt discount and issuance costs		195		194		584		518
Total interest expense	$	5,723	$	5,722	$	17,168	$	15,260

Revolving Credit Facility Facility

On February 21, 2021

As previously disclosed in Note 15 - Long-Term Debt, in our Annual Report on Form 10-K for the year ended December 31, 2023, on December 28, 2023, the Company entered into a third amendment to its senior secured credit agreement (the “Revolving Credit Facility” “Third Amendment”), with certain lenders party thereto from time to time (the “Lenders”), and Wells Fargo Bank, National Association, as administrative agent, which amended the senior secured credit agreement, dated as of February 21, 2021 (as amended by the Third Amendment, the “Amended Credit Agreement”). The Amended Credit Agreement provides for a revolving loan credit facility (the “Revolving Credit Facility”) in the aggregate principal amount of $200 million. $115.0 million. The Revolving Credit Facility is guaranteed by Oscar Management Corporation, each wholly owned subsidiary of the Company, and all of the Company's future direct and indirect subsidiaries (in each case subject to certain permitted exceptions, including exceptions for certain guarantees (i) that would require material governmental consents or (ii) in respect of a joint venture) (the "Guarantors" ventures)). The Revolving Credit Facility is secured by substantially all of the Company’s and the Guarantors' guarantors' assets (subject to certain exceptions). Proceeds are to be used solely for general corporate purposes of the Company.

The Company is permitted to increase commitments under the Revolving Credit Facility by an aggregate amount not to exceed $50.0 million, $50.0 million, subject to certain conditions. The Revolving Credit Facility matures on February 21, 2024.

Under the terms of the Revolving Credit Facility, borrowings under the Revolving Credit Facility bear interest at a rate equal to, at the Company's option, either (a) an adjusted term secured overnight financing rate ("SOFR"), plus an applicable margin of 4.50% (SOFR is calculated based on one-, three- or six-month SOFR, or such other period as agreed by all relevant Lenders, which is determined by reference to the SOFR administrator’s website, but not less than 1.00%), or (b) a rate per annum equal to the Alternate Base Rate, as defined in the Revolving Credit Facility, plus the applicable margin of 3.50% (the Alternate Base Rate is equal to the highest of (i) the prime rate, (ii) the federal funds effective rate plus 0.50%, and (iii) SOFR based on a one-month interest period, plus 1.00%). The Revolving Credit Facility also includes a commitment fee of 0.50% for available but undrawn amounts and other administrative fees that are payable quarterly.

The Revolving Credit Facility is available until February 2024, December 2025, provided the Company is in compliance with all covenants. Financial covenant requirements include maintaining covenants, including financial covenants to maintain minimum thresholds related to direct policy premiums, consolidated adjusted EBITDA and liquidity, and a maximum combined medical loss ratio.

As of September 30, 2023 March 31, 2024, there were no outstanding borrowings under the Revolving Credit Facility.

10. 8. EARNINGS (LOSS) PER SHARE

The following table presents the computation of basic and diluted

Basic earnings per share:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022

	(in thousands, except share and per share data)			
Numerator:				
Net loss attributable to Oscar Health, Inc	$ (65,398)	$ (192,913)	$ (120,698)	$ (380,229)
Denominator:				
Weighted average shares of common stock outstanding, basic and diluted	223,098,974	212,822,733	219,826,759	211,560,332
Net loss per share attributable to Oscar Health, Inc., basic and diluted	**$ (0.29)**	**$ (0.91)**	**$ (0.55)**	**$ (1.80)**

share is computed by dividing net income (loss) for the period by the weighted-average shares of common stock outstanding during the period. In periods when the Company is in a net loss position, potentially dilutive securities are excluded from the computation of diluted earnings per share because their inclusion would have an anti-dilutive effect. Thus, basic net loss earnings per share is the same as diluted net loss earnings per share.

During periods of net income, diluted earnings per share is calculated by adjusting net income for any interest charges and changes in the fair value of the bifurcated conversion option applicable to the convertible senior notes. This adjusted net income is then divided by the sum of the basic weighted-average shares of common stock and any dilutive potential common stock outstanding during the period, using the treasury stock method. Potential common stock includes the effect of outstanding dilutive stock options, restricted stock units, performance-based restricted stock units, as well as shares the Company could be obligated to issue from its convertible senior notes, as described in Note 7 - Debt, using the if-converted method. The calculation for Basic and Diluted earnings per share is as follows:

	Three Months Ended March 31,	
(in thousands, except per share data)	2024	2023
Numerator:		
Net income (loss) attributable to Oscar Health Inc.	$ 177,368	$ (39,772)
Effect of convertible senior notes	5,782	—
Net income (loss) available to Oscar Health, Inc. common shareholders	**183,150**	**$ (39,772)**
Denominator:		
Weighted average shares of common stock outstanding	231,443	216,913
Common stock equivalents	25,701	—
Effect of convertible senior notes	36,652	—
Weighted average shares of common stock outstanding and potential dilutive common shares outstanding	**293,796**	**216,913**
Net Earnings (Loss) per Share		
Basic	**$ 0.77**	**$ (0.18)**
Diluted	**$ 0.62**	**$ (0.18)**

The following potential common shares presented based on amounts outstanding at each period end, were excluded from the computation of diluted net loss income (loss) per share attributable to Oscar Health, Inc. because including them would have had an anti-dilutive effect:

	Three Months Ended March 31,	
(in thousands)	2024	2023
Stock options to purchase common stock	3,688	28,801
Restricted stock units	5,311	31,068
Performance-based restricted stock units	64	2,033
Shares underlying convertible notes (Note 7)	—	36,652
Total	**9,063**	**98,555**

	Nine Months Ended September 30,	
	2023	2022
Stock options to purchase common stock	27,015,462	29,660,206
Restricted stock units	25,206,356	17,110,569
Performance-based restricted stock units	9,349,987	8,517,527

Shares underlying convertible notes (Note 9)	36,652,491	36,652,491
Total	**98,224,296**	**91,940,793**

9. REINSURANCE

The Company participates in quota share reinsurance to limit risk and capital requirements and excess of loss ("XOL") reinsurance to mitigate the exposure of high cost or catastrophic member risk. The quota share reinsurance arrangements are with more than one counterparty with multiple state-level treaties. A summary of the Company's reinsurance agreements and related accounting treatment is included in Note 4 - Reinsurance, in our Annual Report on Form 10-K for the year ended December 31, 2023.

The Company also operates under an assumed reinsurance contract, under which the Company shares proportionally in all premiums and claims underwritten for the Cigna+Oscar Small Group offering.

Reinsurance Contracts Accounted for under Deposit Accounting

As of March 31, 2024 and December 31, 2023, a deposit liability balance of$12.7 million and $7.0 million, respectively, was recorded for the Company's quota share arrangements accounted for under deposit accounting and represent fees paid to the reinsurer, which are recognized within Selling, general, and administrative expenses on the statement of operations.

For the three months ended March 31, 2024 and 2023, the Company ceded 54% and 48% of its premium under reinsurance contracts accounted for under deposit accounting.

Reinsurance Contracts Accounted for under Reinsurance Accounting

Reinsurance accounting applies to quota share reinsurance contracts that are in runoff. Under reinsurance accounting, the Company records premium paid to the reinsurer are recorded as reinsurance premium ceded (a reduction to premium revenue) and a corresponding reinsurance payable. Expected reimbursement from the reinsurer for claims incurred are recorded as a reduction to claims incurred and a corresponding reinsurance recoverable asset. The tables below present information for the Company's reinsurance arrangements accounted for under reinsurance accounting. Please see Note 2 - Revenue Recognition for total reinsurance premiums ceded and reinsurance premiums assumed, which are included as components of total Premium revenue in the condensed consolidated statement of operations.

The following table reconciles total Medical expenses to the amount presented in the condensed consolidated statement of operations:

	Three Months Ended March 31,	
(in thousands)	2024	2023
Direct claims incurred	$ 1,523,646	$ 1,048,058
Ceded reinsurance claims	(19,698)	(3,624)
Assumed reinsurance claims	50,826	47,158
Medical expenses	**$ 1,554,774**	**$ 1,091,592**

The Company records Selling, general and administrative ("SG&A") expenses net of reinsurance ceding commissions and assumed SG&A expenses. The following table reconciles total Selling, general and administrative expenses to the amount presented in the condensed consolidated statement of operations:

	Three Months Ended March 31,	
(in thousands)	2024	2023
Selling, general and administrative expenses, gross	$ 394,696	$ 396,984
Reinsurance ceding commissions	(534)	1,535
Selling, general and administrative expenses	**$ 394,162**	**$ 398,519**

The Company classifies Reinsurance recoverable within current assets on its condensed consolidated balance sheets. The composition of the Reinsurance recoverable balance is as follows:

(in thousands)	March 31, 2024	December 31, 2023
Reinsurance premium and claim recoverables	$ 235,216	$ 224,837
Reinsurance ceding commissions	7,613	7,054
Experience refunds on reinsurance agreements	106	9,303
Reinsurance recoverable	**$ 242,935**	**$ 241,194**

Credit Ratings

The financial condition of the Company's reinsurers is regularly evaluated to minimize exposure to significant losses. A key credit quality indicator for reinsurance is the financial strength ratings issued by the credit rating agencies, which provide an independent opinion of a reinsurer's ability to meet ongoing obligations to policyholders. The Company's reinsurers have most recently been issued financial strength ratings ofA+ (A.M. Best and Fitch).

The creditworthiness of each reinsurer is evaluated in order to assess counterparty credit risk and estimate an allowance for expected credit losses on the Company's reinsurance recoverable balances.

10. BUSINESS ARRANGEMENTS

Variable Interest Entities

In the normal course of business, the Company entered into business arrangements with integrated health systems, as well as medical professional corporations that employ health care providers to deliver telemedical healthcare services to its covered member population in various states. The financial results of these entities are consolidated into the Company's financial statements.

The following table presents the collective assets and liabilities of the Company's variable interest entities:

(in thousands)	March 31, 2024	December 31, 2023
Assets	$ 131,179	$ 125,709
Liabilities	$ 76,426	$ 74,568

11. RELATED PARTY TRANSACTIONS

In February 2022, the Company issued the 2031 Notes to funds affiliated with or advised by Dragoneer Investment Group, LLC, Thrive Capital Management, LLC, LionTree Investment Management, LLC and Tenere Capital LLC (collectively, the "Purchasers"). See Note 9 7 - Long-Term Debt for additional information. Joshua Kushner, a member of the Company's Board of Directors and Vice Chairman of the Company, is the Managing Director of Thrive Capital. Thrive Capital, through affiliated entities, is a beneficial holder of more than 5% of the Company's capital stock.

12. COMMITMENTS AND CONTINGENCIES

The Company's current and past business practices are subject to review or other investigations by various state insurance and health care healthcare regulatory authorities and other state and federal regulatory authorities. These authorities regularly scrutinize the business practices of health insurance companies. These reviews focus on numerous facets of the Company's business, including claims payment practices, statutory capital requirements, provider contracting, risk adjustment, competitive practices, commission payments, privacy issues, utilization management practices, pharmacy benefits, access to care, and sales practices, among others. Some of these reviews have historically resulted in fines imposed on the Company and some have required changes to certain of the Company's practices. The Company continues to be subject to these reviews, which could result in additional fines or other sanctions being imposed on the Company or additional changes to certain of its practices.

The Company is also currently involved in, and may in the future from time to time become involved in, legal proceedings and other claims in the ordinary course of its business, including class actions and suits brought by the Company's members, providers, commercial counterparties, employees, and other parties relating to the Company's business, including management and administration of health benefit plans and other services. Such matters can include various employment claims, disputes regarding reinsurance arrangements, disputes relating to intellectual property and the Telephone Consumer Protection Act and class action lawsuits, or other claims relating to the performance of contractual and non-contractual obligations to providers, members, employer groups, and others, including, but not limited to, the alleged failure to properly pay in-network and out-of-network claims and challenges to the manner in which the Company processes claims, and claims alleging that the Company has engaged in unfair business practices.

In addition, on May 12, 2022, a securities class action lawsuit against the Company, certain of its directors and officers, and the underwriters that participated in the Company's initial public offering ("IPO") was commenced in the United States District Court for the Southern District of New York, captioned Carpenter v. Oscar Health, Inc., et al., Case No. 1:22-CV-03885 (S.D.N.Y.) (the "Securities Action"). The initial complaint in the Securities Action asserted violations of Sections 11 and 15 of the Securities Act based on the Company's purported failure to disclose in its IPO registration statement growing COVID-19 testing and treatment costs, the impact of significant Special Enrollment Period membership, and risk adjustment data validation results for 2019 and 2020. By Court orders dated September 27, 2022 and December 13, 2022, the Court appointed a lead plaintiff and lead counsel on behalf of the putative class. An amended complaint filed on December 6, 2022 asserts the same violations of Sections 11 and 15 of the Securities Act, but this time based on the Company's alleged failure to disclose in its IPO registration statement purportedly inadequate controls and systems in connection with the risk adjustment data validation audit for 2019, alleging that this purported omission caused losses and damages for members of the putative class. The amended complaint seeks unspecified compensatory damages as well as interest, fees, and costs. On April 4, 2023, the Company moved to dismiss the amended complaint. Briefing on the motion was completed on July 7, 2023. The Company believes it has meritorious defenses to these claims. At this time, the Company cannot predict the outcome, or provide a reasonable estimate or range of estimates of the possible outcome or loss, if any, in this matter.

The Company records liabilities for its reasonable estimates of probable losses resulting from these matters where appropriate. Estimates of losses resulting from legal and regulatory matters involving the Company are inherently difficult to predict, particularly where the matters: involve indeterminate claims for monetary damages or may involve fines, penalties or punitive damages; present novel legal theories or represent a shift in regulatory policy; involve a large number of claimants or regulatory bodies; are in the early stages of the proceedings; or could result in a change in business practices. Accordingly, the Company is often unable to estimate the losses or ranges of losses for those matters where there is a reasonable possibility or it is probable that a loss may be incurred, the ultimate settlement of which could be material.

Given that such proceedings are subject to uncertainty, there can be no assurance that such legal proceedings, either individually or in the aggregate, will not have a material adverse effect on Oscar's business, results of operations, financial condition or cash flows.

13. CANCELLATION OF FOUNDERS AWARDS

On March 28, 2023, the Company's Co-Founders, Mario Schlosser (the Company's President of Technology and Chief Technology Officer and former Chief Executive Officer) and Joshua Kushner (the Company's Vice Chairman), recommended to the Company's Board of Directors that they should cancel and terminate the applicable awards that were granted to them in connection with the Company's IPO Initial Public Offering (the "Founders Awards"). This recommendation was made in support of reducing the dilutive effects of equity awards granted on April 3, 2023, to Mark T. Bertolini in connection with his appointment as the Company's Chief Executive Officer, effective April 3, 2023, and the Company's annual employee equity awards granted in 2023. On March 28, 2023, Mr. Schlosser and Mr. Kushner each entered into an agreement to cancel and terminate his Founders Award, which consisted of performance-based restricted stock units covering 4,229,853 shares (for Mr. Schlosser) and 2,114,926 shares (for Mr. Kushner) of the Company's Class A common stock.
As a result of this cancellation, during the three months ended March 31, 2023, the Company recognized approximately $46.3 million of accelerated stock-based compensation expense that would have otherwise been recognized over the remaining vesting period of the awards. Stock-based compensation expense is included within in the Other insurance costs and General Selling, general and administrative expenses line items item on the Condensed Consolidated Statement condensed consolidated statement of Operations.

operations.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations. Operations

You should read the

The following discussion and analysis of our the Company's financial condition and results of operations together should be read in conjunction with our the unaudited Condensed Consolidated Financial Statements and the related notes thereto included elsewhere in this Quarterly Report on Form 10-Q as well as our and the audited Consolidated Financial Statements and related notes as disclosed in our thereto and management's discussion and analysis of financial condition and results of operations included the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023 that was filed with the SEC on February 15, 2024. This discussion contains forward-looking statements based upon current plans, expectations, Unless the context otherwise requires, references in this "Management's Discussion and beliefs involving risks Analysis of Financial Condition and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result Results of various factors, including those set forth in Part II, Item 1A "Risk Factors" Operations" to "we," "us," "our," "Oscar," "Oscar Health, Inc," and the "Company" mean the business and operations of this Quarterly Report on Form 10-Q. Oscar Health, Inc. and its consolidated subsidiaries.

INDEX TO MD&A

Management's discussion and analysis of financial condition and results of operations is comprised of the following sections:

Overview

Oscar Health, Inc. is the first health insurance company built around a full stack technology platform and a relentless focus on member experience. We offer innovative and consumer-oriented health plans in the individual, small group and Medicare Advantage markets. Our full stack technology platform has enabled refers to our differentiated cloud-based end-to-end technology solution, which connects our member-facing features, including our mobile application, website, and virtual care solutions with our back-office tools that span all critical healthcare insurance and technology domains, including member and provider data, utilization management, claims management, billing, and benefits. Powered by our full stack technology platform, we have built a scaled insurance business that enables us to earn our members' trust, leverage the power of personalized data, and help our members find quality care they can afford. In addition to supporting our insurance business, externalizing our technology under the +Oscar technology platform enables us to power both providers and payors.

We regularly review our Total Revenue, Medical Loss Ratio (“MLR”), Selling, General and Administrative Expense Ratio (“SG&A Expense Ratio”), and Adjusted Earnings before Interest, Taxes, Depreciation, and Amortization (“Adjusted EBITDA”, a non-GAAP financial metric) to evaluate our business, measure our performance, identify trends in our business, prepare financial projections, and make strategic decisions. We believe these operational and financial measures are useful in evaluating our performance, in addition to our financial results prepared in accordance with GAAP.

Total Revenue

Total revenue includes Premium revenue, Investment income, and Services and other revenue. We believe Total revenue is an important metric to assess the growth of our business, as well as the earnings potential of our investment portfolio.

Premium revenue includes direct policy premiums collected from our members and from the federal government, risk adjustment, and assumed policy premiums we receive as part of our reinsurance arrangement under our Cigna+Oscar Small Group plan offering, and is net of ceded premium from run-off quota share reinsurance contracts accounted for under reinsurance accounting. Investment income primarily includes investment income and interest earned and gains (losses) on our investment portfolio. Services and other revenue includes primarily revenue earned from administrative services performed as part of the +Oscar platform, as well as sublease income.

MLR

MLR is a metric used to calculate medical expenses as a percentage of net premiums before ceded quota share reinsurance. Medical expenses are the total expenses incurred by members in order to utilize health care services less any member cost sharing. These services include inpatient, outpatient, pharmacy, and physician costs. Medical claims also include fee-for-service claims, pharmacy benefits, capitation payments to providers, provider disputed claims, risk sharing arrangements with certain of our providers, and various other payors and providers medical-related costs. The impact of the federal risk adjustment program is included in which health plans and the denominator of our MLR. We believe MLR is an important metric to demonstrate the ratio of our costs to pay for healthcare of our members to the net premium before ceded reinsurance. MLR in our existing products are powered subject to various federal and state minimum requirements.

SG&A Expense Ratio

The SG&A Expense Ratio reflects the Company’s selling, general and administrative expenses, as a percentage of Total revenue. Selling, general and administrative expenses primarily include wages, benefits, costs of software and hardware, and administrative costs for our corporate and technology functions, the impact of quota share reinsurance, and stock based compensation. We believe the SG&A Expense Ratio is useful to evaluate our ability to manage our overall selling, general, and administrative cost base.

Adjusted EBITDA

Adjusted EBITDA is defined as Net income (loss) for the Company and its consolidated subsidiaries before interest expense, income tax expense (benefit), and depreciation and amortization, as further adjusted for stock-based compensation and other items that are considered unusual or not representative of underlying trends of our business, where applicable for the period presented. We present Adjusted EBITDA because we consider it to be an important supplemental measure of our performance and believe it is frequently used by securities analysts, investors, and other interested parties in the evaluation of companies in our industry. Adjusted EBITDA is a non-GAAP measure. Management believes that investors’ understanding of our performance is enhanced by including this non-GAAP financial measure as a reasonable basis for comparing our ongoing results of operations.

We caution investors that amounts presented in accordance with our definition of Adjusted EBITDA may not be comparable to similar measures disclosed by our platform. As competitors, because not all companies and analysts calculate Adjusted EBITDA in the same manner.

By providing this non-GAAP financial measure, together with a reconciliation to the most comparable U.S. GAAP measure, Net income (loss), we continue believe we are enhancing investors’ understanding of our business and our results of operations, as well as assisting investors in evaluating how well we are executing our strategic initiatives. Adjusted EBITDA has limitations as an analytical tool, and should not be considered in isolation, or as an alternative to, build and scale or a substitute for Net income (loss) or other financial statement data presented in our technology, we may seek out additional opportunities to monetize our +Oscar platform. Condensed Consolidated Financial Statements as indicators of financial performance. A reconciliation of Adjusted EBITDA from Net income (loss) is provided under “Results of Operations-Adjusted EBITDA”.

Recent Developments, Trends and Other Factors Impacting Performance

Reinsurance

We believe our reinsurance agreements help us achieve important goals for our business, including risk management, capital efficiency, Non-Renewal of Cigna + Oscar Partnership

On March 26, 2024, the Company notified Cigna Health and greater predictability in our earnings in Life Insurance Company that it is not renewing the event of unexpected significant fluctuations in our Medical Loss Ratio ("MLR"). Specifically, reinsurance is a financial Cigna+Oscar Small Group arrangement under which after the reinsurer agrees to cover a portion of our medical claims (ceded claims) in return for a portion expiration of the premium (premiums ceded) initial term on December 31, 2024. Our reinsurance agreements are contracted under two different types of arrangements: quota share reinsurance contracts and excess of loss ("XOL") reinsurance contracts. Reinsurance agreements do not relieve us of our primary medical claims incurred obligations.

Quota Share Reinsurance

We currently use quota share agreements The parties will continue to limit our risk and capital requirements, which has enabled us to grow while optimizing our use of capital. Reductions in the amount of premiums ceded under quota share reinsurance arrangements may result in an increase to our minimum capital and surplus requirements, and an increase in corresponding capital contributions by Holdco to our health insurance subsidiaries.

In quota share reinsurance, the reinsurer agrees to assume a specified percentage of the ceding company's losses arising out of a defined class of business in exchange for a corresponding percentage of premiums. Premiums for quota share reinsurance are based on a percentage of premiums earned before ceded reinsurance. Each quota share reinsurance agreement includes a ceding commission payment from the reinsurer to offer their Cigna+Oscar to cover administrative costs. To the extent ceded premiums exceed ceded claims and commissions, we typically receive an experience refund.

We currently have quota share reinsurance arrangements with more than one counterparty with multiple state-level treaties. During the three and nine months ended September 30, 2023 approximately 45% and 46%, respectively, of our premiums were covered by quota share reinsurance. During the year ended December 31, 2022, approximately 47% of our premiums were covered by quota share reinsurance. Small Group product through December 15, 2024. Refer to Note 31 - Reinsurance Organization - Non-Renewal of Cigna + Oscar Partnership for a description of the accounting methods used to record our quota share reinsurance arrangements. additional information.

XOL Reinsurance

We use XOL reinsurance to limit our exposure to large catastrophic risk from individual claims. Under XOL reinsurance, the reinsurer agrees to assume all or a portion of the ceding company's losses in excess of a specified amount. The premium payable to the reinsurer is negotiated by the parties based on losses on an individual member in a given calendar year and their assessment of the amount of risk being ceded to the reinsurer. Under our XOL reinsurance contracts in 2023, the reinsurer is paid to cover claims related losses over a $1.5 million attachment point, but the amount of the attachment point may change year over year based on a variety of factors.

Change Healthcare Incident

Change Healthcare ("CHC") experienced a cybersecurity incident on February 21, 2024 that resulted in a disruption to the services CHC provides to the Company, including claims clearinghouse services. The Company promptly disconnected its systems from CHC and activated its incident management response policy. We were able to quickly implement work-around solutions that enabled us to promptly resume impacted operations, and to date the event has not had a material impact on the Company's financial condition or results. At this time, CHC has not notified the Company of any breach of our members' data.

Members

Our membership is measured as of a particular point in time and is concentrated in the individual market. Membership may vary throughout the year due to disenrollments, the Special Enrollment Period ("SEP"), and other market dynamics that are in effect such as Medicaid redeterminations, other legislative or regulatory actions, or other factors that enable the overall market to grow or decline throughout the year.

Risk Adjustment

The risk adjustment programs in the individual, small group, and Medicare Advantage markets we serve are administered federally by Centers for Medicare & Medicaid Services ("CMS") and are designed to mitigate the potential impact of adverse selection and provide stability for health insurers. Under this program, each plan is assigned a risk score based upon demographic information and current year claims information related to its members. The risk score is used to adjust plan revenue to reflect the relative risk of the plan's enrolled population. We reevaluate our risk transfer estimates as new information and market data becomes available until we receive the final reporting from CMS in later periods, up to twelve months in arrears.

Our risk transfer estimates are subject to a high degree of estimation and variability, and are affected by the relative risk of our members, and in the case of ACA, relative to that of other insurers. In the individual and small group lines, there There is a higher degree of uncertainty associated with estimates of risk transfers at the beginning of the policy year resulting from composition of the risk score being based on concurrent claim data. Furthermore, there is additional uncertainty for both markets and blocks of business that experienced high experience outsized growth compounded by the lack of credible experience data on the newly enrolling population. However, the majority of our population in 2023 is renewals, and we expect that this mix shift will result in a lower risk transfer as a percentage of premiums. Actual risk adjustment calculations and transfers could materially differ from our assumptions.

Seasonality

Our business is generally affected by the seasonal patterns of our member enrollment and medical expenses, health plan mix shift and, to a lesser extent, marketing spend in advance of an Open Enrollment Period or Annual Election Period. Direct policy premiums earned are historically highest in the first quarter, primarily due to the annual enrollment cycles and the enrollment of our members, but may be impacted by Special Enrollment Periods or other market dynamics that allow the overall market to grow throughout the year. Medical expenses are sensitive to the mix shift of the five "metal" health plan categories offered on the ACA. Medical expenses have historically been highest towards the second half of the year due to a number of factors discussed below. Claims Incurred

Members

Our membership is measured as of a particular point in time and is concentrated in the individual market. Membership typically declines throughout the year due to retroactive disenrollments. The majority of our member growth occurs in connection with the annual Open Enrollment Period. Individual plan membership is historically at its highest at the beginning of the year. For small group products, a large portion of membership is acquired between December 1 and January 1, with the remaining members acquired throughout the balance of the year. These patterns can be affected by legislative or regulatory actions, Special Enrollment Periods or other market dynamics that allow the overall market to grow throughout the year.

Refer to the "Liquidity and Capital Resources" section in this Quarterly Report on Form 10-Q for a description of how we worked to prudently manage our 2023 membership growth and capital resources.

Claims Incurred

Our medical expenses are impacted by seasonal effects of medical costs such as the utilization of deductibles and out-of-pocket maximums over the course of the policy year, which shifts more costs to us in the second half of the year as we pay a higher proportion of covered claims costs, and the number of days and holidays in a given period. Our medical and pharmacy costs can also exhibit seasonality depending on selection effects or changes in the risk profile of our membership and the proportion of our membership that is new in the calendar year. For example, covered pharmacy costs tend to be lower in the early part of the year for new business. The emergence of medical and pharmacy claims has differed from that in prior years due to is influenced by the aforementioned drivers, and further mix shifts may continue to alter medical claim claims incurred patterns in the remainder of 2023 and future periods.

Impact of COVID-19 Seasonality

We continue to monitor and assess

Our business is generally affected by the impact of the COVID-19 pandemic on our business. To date, we have experienced changes in the utilization seasonal patterns of our members, as member enrollment, medical expenses, and health plan mix shift. SEP or other market dynamics that drive enrollment and/or mix changes throughout the COVID-19 pandemic affected year may impact the United States. In 2020, we experienced depressed non-COVID-19 related per member levels of premiums, claims, and/or risk transfers. Additionally, medical costs as a result expenses have historically been highest towards the second half of the pandemic and as vaccination rates increased nationally, members resumed their utilization year due to a number of healthcare including care that was deferred, resulting in increased medical claims expenses. However, this trend may reverse as a result of any resurgence of COVID-19 variants. The full extent of the impact of the COVID-19 pandemic is unknown and depends on factors beyond our knowledge and control.

discussed above.

Reinsurance

We believe our reinsurance agreements help us achieve important goals for our business, including risk management, capital efficiency, and greater predictability in our earnings in the event of unexpected significant fluctuations in our Medical Loss Ratio ("MLR"). Specifically, reinsurance is a financial arrangement under which the reinsurer agrees to cover a portion of our medical claims in return for a portion of the premium. Our reinsurance agreements are contracted under two different types of arrangements: quota share reinsurance contracts and excess of loss ("XOL") reinsurance contracts. Reinsurance agreements do not relieve us of our primary medical claims incurred obligations. Refer to Note 9 - Reinsurance for a description of the accounting methods used to record our quota share reinsurance arrangements.

Regulatory Update

In August 2022, Congress enacted the Inflation Reduction Act, which extended the APTCs under the American Rescue Plan Act for a three year period through the end of 2025. Furthermore, in October 2022, the Treasury Department issued a final rule to address the "family glitch" in the ACA, which relates to determining who is eligible for premium subsidies.

In December 2022, Congress passed the omnibus spending bill which delinked the Medicaid continuous coverage from the end of the public health emergency (“PHE”) for COVID-19. Medicaid redeterminations were required to begin by April 1, 2023, and conclude while most states initially anticipated completing unwinding-related renewals by May 1, 2024. These developments, mid-2024, many states are expected to extend their unwinding timelines for several additional months, due to adoption of strategies to promote continuity of coverage for eligible individuals, pauses in particular procedural disenrollments, or other state-specific situations. 2023 data from CMS on Medicaid redeterminations has shown marginal but consistent increases in ACA plan enrollments among consumers who lost Medicaid or Children's Health Insurance Program (CHIP) coverage. However, the enhanced APTCs, have collectively led redeterminations are ongoing, and consumers’ transitions to ACA marketplace plans may contribute to more substantial growth in the ACA marketplace and may lead to continued growth in the marketplace.

As future. For instance, data from CMS indicates that the ACA marketplace grew 30% during open enrollment for plan year 2024. CMS had also previously announced a sixteen month SEP for individuals that lose Medicaid or CHIP coverage as a result of the changing market dynamics following market exits by certain carriers in 2022, the Company proactively engaged its regulators regarding options Medicaid redetermination process. This SEP began March 31, 2023 and was expected to manage its membership growth. Prior end July 31, 2024, but has been extended to Open Enrollment for 2023, the Company requested that regulators limit its membership growth in Florida above a certain threshold so that total membership across all markets would be within its previously announced target range of 900,000 to 1,100,000 members at the close of Open Enrollment, which the Company believed would enable it to prudently manage its capital position. Due to strong Open Enrollment performance, the threshold was met November 30, 2024.

Critical Accounting Policies and the Company temporarily stopped accepting new members in Florida from December 13, 2022 through August 5, 2023. The Company is accepting new members in Florida during the Open Enrollment Period for 2024, which began on November 1, 2023. For further information, see “Risk Factors — Risks Most Material to Us – Our business, financial condition, and results of operations may be harmed if we fail to execute our strategy and manage our growth effectively.” Estimates

The Notice preparation of Benefit and Payment Parameters (“NBPP”) final rule for plan year 2024 was released on April 17, 2023. The NBPP limits the number of non-standard plan options that Qualified Health Plan (“QHP”) issuers may offer on the federal ACA marketplace to four per product network type, per metal level (excluding catastrophic plans), in any service area, for plan year 2024, and to two non-standard plans for plan year 2025 and subsequent plan years. For both plan years 2024 and 2025, the NBPP will permit additional flexibility specifically for plans with additional dental and/or vision benefit coverage. This reduction in the number of plan offerings may limit our ability to offer innovative plan designs and introduce uncertainty and disruption into the ACA marketplace.

Financial Results Summary and Key Operating and Non-GAAP Financial Metrics

We regularly review a number of metrics, including the following key operating and non-GAAP financial metrics, to evaluate our business, measure our performance, identify trends in our business, prepare financial projections, and make strategic decisions. We believe these operational and financial measures are useful in evaluating our performance, in addition to our financial results prepared statements in accordance with GAAP.

Financial Results Summary				
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands)			
Premiums before ceded reinsurance	$ 1,394,985	$ 1,318,048	$ 4,305,785	$ 4,001,589
Reinsurance premiums ceded	(2,903)	(364,384)	(10,111)	(1,097,929)
Premiums earned	$ 1,392,082	$ 953,664	$ 4,295,674	$ 2,903,660
Total revenue	$ 1,439,991	$ 978,427	$ 4,431,211	$ 2,968,511
Total operating expenses	$ 1,498,235	$ 1,170,799	$ 4,521,349	$ 3,335,899
Net loss	$ (65,703)	$ (193,547)	$ (120,756)	$ (382,992)

generally accepted accounting principles requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. A summary of the Company's significant accounting policies is included in Note 2 - Summary of Significant Accounting Policies, in our Annual Report on Form 10-K for the year ended December 31, 2023. Certain of our accounting policies are considered critical, as these policies require significant, difficult or complex judgments by management, often requiring the use of estimates about the effects of matters that are inherently uncertain. As of March 31, 2024, there were no significant changes to the critical accounting estimates from what was reported in our Annual Report on Form 10-K for the year ended December 31, 2023.

Key Operating

Results of Operations

Three Months Ended March 31, 2024 compared to Three Months Ended March 31, 2023

The following table sets forth our results of operations for the periods indicated:

	Three Months Ended March 31,	
(in thousands, except percentages)	2024	2023
Revenue		
Premium	$ 2,093,682	$ 1,428,626
Investment income	42,989	36,056
Services and other	5,634	5,003
Total revenue	2,142,305	1,469,685
Operating Expenses		
Medical	1,554,774	1,091,592
Selling, general, and administrative	394,162	398,519
Depreciation and amortization	7,811	4,939
Total operating expenses	1,956,747	1,495,050
Earnings (loss) from operations	**185,558**	**(25,365)**
Interest expense	5,902	6,136
Other expenses	1,178	6,106
Earnings (loss) before income taxes	**178,478**	**(37,607)**
Income tax expense	996	2,021
Net income (loss)	**$ 177,482**	**$ (39,628)**
Medical Loss Ratio (MLR)	74.2 %	76.3 %
SG&A Expense Ratio	18.4 %	27.1 %
Adjusted EBITDA	$ 219,314	$ 51,068

Premium

Premium revenue increased$665.1 million, or 47%, for the three months ended March 31, 2024, compared to the same period in 2023. This increase was primarily driven by higher membership, rate increases, and Non-GAAP Financial Metrics lower risk adjustment as a percentage of premiums.

Members

We view the number of members enrolled in our health plans as an important metric to help evaluate and estimate revenue and market share. Additionally, the more members we enroll, the more data we have, which allows us to improve the functionality of our platform. The following table summarizes the Company's membership by offering:

		As of September 30,			As of March 31,	
		As of March 31,				
Membership by Offering	**Membership by Offering**	**2023**	**2022**	**Membership by Offering**	**2024**	**2023**
Individual and Small Group	Individual and Small Group	912,761	1,017,544			
Medicare Advantage	Medicare Advantage	1,840	4,577			
Cigna + Oscar (1)	Cigna + Oscar (1)	68,559	53,324			
Total Members		**983,160**	**1,075,445**			
Total Members (2)						

(1) Represents total membership for our co-branded partnership with Cigna.

(2) A member covered under more than one of our health plans counts as a single member for the purposes of this metric.

Membership decreased 9% to 983,160 increased 431,076 or 42%, as of September 30, 2023 March 31, 2024, from 1,075,445 as of September 30, 2022 compared to March 31, 2023. The decrease increase in membership was driven is a result of strong retention and new enrollments in existing and expansion markets further supported by the steps management took to proactively manage our membership levels during the 2023 Open Enrollment Period to a level that enabled us to prudently manage our capital, ACA market growth in 2024. The increase was partially offset by an increase a decrease in new Cigna+Oscar members served.

Direct served and Assumed Policy Premiums

Direct policy premiums are defined as the premiums collected from our members or exit from the federal government during the period indicated, before risk adjustment and reinsurance. These premiums include APTC, or premium subsidies, which are available to individuals and families with certain annual incomes. Assumed policy premiums are premiums we receive primarily as part of our reinsurance arrangement under our Cigna+Oscar Small Group plan offering, and are presented here net of Risk Adjustment. We believe Direct and Assumed Policy Premiums is an important metric to assess the growth of our individual and small group plan offerings going forward. Management also views Direct and Assumed Policy Premiums as a key operating metric because each of our MLR, InsuranceCo Administrative Expense Ratio, InsuranceCo Combined Ratio and Adjusted Administrative Expense Ratio are calculated on the basis of Direct and Assumed Policy Premiums. Medicare Advantage market.

Investment Income

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	**2022**	**2023**	**2022**
Direct and Assumed Policy Premiums (in thousands)	$ 1,606,407	$ 1,682,289	$ 4,970,985	$ 5,058,427
Medical Loss Ratio	83.8 %	89.9 %	80.0 %	83.2 %
InsuranceCo Administrative Expense Ratio	17.4 %	20.7 %	17.6 %	20.0 %
InsuranceCo Combined Ratio	101.3 %	110.6 %	97.6 %	103.2 %
Adjusted Administrative Expense Ratio	20.3 %	24.8 %	20.5 %	24.1 %
Adjusted EBITDA(1) (in thousands)	$ (20,285)	$ (159,754)	$ 66,355	$ (272,599)

(1)Adjusted EBITDA is a non-GAAP measure. See "Adjusted EBITDA" below for a reconciliation to net loss, the most directly comparable GAAP measure, and for information regarding our use of Adjusted EBITDA.

Direct and assumed policy premiums decreased Investment income increased $6.9 million, or 19%, for the three and nine months ended September 30, 2023 March 31, 2024, compared to the same period in 2023. The increase was primarily due to higher investment yields and higher interest rates.

Services and Other

Services and other revenue increased $0.6 million, or 13%, for the three months ended March 31, 2024, compared to the same period in 2023. This increasewas primarily driven by more new customer arrangements in 2024 as compared to the three same period in 2023.

Medical Expenses** and **nine** **MLR

Medical expenses increased $463.2 million, or 42%, for the three months ended September 30, 2022 March 31, 2024, driven compared to the same period in 2023.The increase was primarily by the steps management took due to proactively manage our membership levels. Prior to Open Enrollment for 2023, the Company requested that regulators limit its membership growth in Florida above a certain threshold so that total membership across all markets would be within its previously announced target range of 900,000 to 1,100,000 members at the close of Open Enrollment. The decrease was partially offset by rate increases and an increase in new Cigna+Oscar members served.

increased membership. MLR improved year-over-year as discussed below.

Medical Loss Ratio

Medical Loss Ratio is calculated as set forth in the table below. Medical claims are total medical expenses incurred by members in order to utilize health care services less any member cost sharing. These services include inpatient, outpatient, pharmacy, and physician costs. Medical claims also include risk sharing arrangements with certain of our providers. The impact of the federal risk adjustment program is included in the denominator of our MLR. We believe MLR is an important metric to demonstrate the ratio of our costs to pay for health care of our members to the premiums before ceded reinsurance. MLRs in our existing products are subject to various federal and state minimum requirements.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands)			
Direct claims incurred before ceded reinsurance (1)	$ 1,116,679	$ 1,153,270	$ 3,301,424	$ 3,255,721
Assumed reinsurance claims	61,781	38,667	169,194	95,464
Excess of loss ceded claims (2)	(418)	(4,392)	(6,038)	(14,316)
State reinsurance (3)	(9,978)	(10,368)	(26,574)	(28,643)
Net claims before ceded quota share reinsurance (A)	**$ 1,168,064**	**$ 1,177,177**	**$ 3,438,006**	**$ 3,308,226**
Premiums before ceded reinsurance (4)	$ 1,394,985	$ 1,318,048	$ 4,305,785	$ 4,001,589
Excess of loss reinsurance premiums (5)	(1,457)	(8,621)	(7,981)	(23,387)
Net premiums before ceded quota share reinsurance (B)	**$ 1,393,528**	**$ 1,309,427**	**$ 4,297,804**	**$ 3,978,202**
Medical Loss Ratio (A divided by B)	**83.8 %**	**89.9 %**	**80.0 %**	**83.2 %**

	Three Months Ended March 31,	
(in thousands, except percentages)	2024	2023
Medical	$ 1,554,774	$ 1,091,592
Less: Ceded quota share reinsurance claims(1)	(1,055)	6,435
Net claims before ceded quota share reinsurance (A)	**$ 1,555,829**	**$ 1,085,157**
Premium	$ 2,093,682	$ 1,428,626
Less: Ceded quota share reinsurance premiums (2)	(2,016)	6,655
Net premiums before ceded quota share reinsurance (B)	**$ 2,095,698**	**$ 1,421,971**
Medical Loss Ratio (A divided by B)	**74.2 %**	**76.3 %**

(1) See Note 3 - Reinsurance to our Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q Represents prior period development for a reconciliation of direct claims incurred to Claims incurred, net, appearing on the face of our statement of operations.

(2) Represents claims ceded to reinsurers pursuant to an excess of loss treaty, quota share treaties, which are accounted for which such reinsurers under reinsurance accounting and are financially liable. We use excess of loss reinsurance to limit the losses on individual claims of our members. in runoff.

(3) (2) Represents payments made by certain state-run prior period development for premiums ceded to reinsurers pursuant to quota share treaties, which are accounted for under reinsurance programs established subject to CMS approval under Section 1332 of the ACA.

(4) See Note 2 - Revenue Recognition to our Condensed Consolidated Financial Statements included elsewhere accounting and are in this Quarterly Report on Form 10-Q for an explanation of Premiums before ceded reinsurance.

(5) Represents XOL reinsurance premiums paid. runoff.

MLRimproved for the three and nine months ended September 30, 2023 as March 31, 2024, compared to the three and nine months ended September 30, 2022, same period in 2023, primarily as a result of targeted rate action actions and a disciplined pricing strategy to increase margins as well as targeted actions strong execution on initiatives to drive down manage medical costs.

InsuranceCo Selling, General and Administrative Expenses and SG&A Expense Ratio

InsuranceCo Administrative

Selling, general and administrative expenses decreased $4.4 million compared to the same period in 2023, driven by the impact of the acceleration of stock compensation expense associated with the cancellation of the Founders Awards in 2023, primarily offset by higher distribution and selling expenses associated with higher membership year over year. The SG&A Expense Ratio is calculated improved 8.7 points year over year driven by lower SG&A expenses, as set forth in the table below. The ratio reflects the costs associated with running our combined insurance companies. We believe InsuranceCo Administrative Expense Ratio is useful to evaluate our ability to manage our expenses well as variable cost efficiencies, improved fixed cost leverage, and lower risk adjustment as a percentage of premiums before the impact of quota share reinsurance. premiums.

Depreciation and Amortization Expenses necessary to run the insurance companies are included in Other insurance costs

Depreciation and Federal and state assessments. These amortization expenses include variable expenses paid to vendors and distribution partners, premium taxes and healthcare exchange fees, employee-related compensation, benefits, marketing costs, and other administrative expenses. The numerator and denominator in the calculation below reflect an adjustment to remove the impact of the Company's quota share arrangements.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands)			
Other insurance costs	$ 192,863	$ 174,978	$ 618,078	$ 510,580
Impact of quota share reinsurance (1)	(7,169)	38,328	(23,431)	113,996
Stock-based compensation expense	(12,811)	(12,963)	(54,602)	(38,452)
Federal and state assessment of health insurance subsidiaries	70,252	70,806	215,732	209,578
Health insurance subsidiary adjusted administrative expenses (A)	**$ 243,135**	**$ 271,149**	**$ 755,777**	**$ 795,702**
Premiums before ceded reinsurance (2)	$ 1,394,985	$ 1,318,048	$ 4,305,785	$ 4,001,589
Excess of loss reinsurance premiums	(1,457)	(8,621)	(7,981)	(23,387)
Net premiums before ceded quota share reinsurance (B)	**$ 1,393,528**	**$ 1,309,427**	**$ 4,297,804**	**$ 3,978,202**
InsuranceCo Administrative Expense Ratio (A divided by B)	**17.4 %**	**20.7 %**	**17.6 %**	**20.0 %**

(1) Includes ceding commissions received from reinsurers, net of the impact of deposit accounting of $(7,139) and $(1,758) increased $2.9 million, or 58%, for the three months ended September 30, 2023 and 2022, respectively, and $(22,455) and $(5,417) for March 31, 2024, compared to the nine months ended September 30, 2023 and 2022, respectively.

(2) See Note 2 - Revenue Recognition same period in 2023. The increase was primarily due to our Condensed Consolidated Financial Statements included elsewhere an increase in this Quarterly Report on Form 10-Q for an explanation of premiums before ceded reinsurance. internally developed software placed into service.

The InsuranceCo Administrative Income Tax Expense Ratio improved (Benefit)

Our effective tax rate for the three and nine months ended September 30, 2023 as compared to the three March 31, 2024 and nine months ended September 30, 2022. Health insurance subsidiary adjusted administrative expenses were lower in 2023 compared to 2022 primarily due to lower distribution expenses, employee costs, March 31, 2023 was approximately 0.56% and other variable insurance costs, partially offset by higher vendor costs associated with medical cost initiatives. The InsuranceCo Administrative Expense Ratio for both comparative periods also benefited from higher net premiums as a result of lower risk transfer, variable expense efficiency, and fixed cost leverage.

InsuranceCo Combined Ratio

InsuranceCo Combined Ratio is defined as the sum of MLR and InsuranceCo Administrative Expense Ratio. We believe this ratio best represents the core performance of the insurance business, prior to the impact of quota share and net investment income. (5.37)%, respectively.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
Medical Loss Ratio	83.8 %	89.9 %	80.0 %	83.2 %
InsuranceCo Administrative Expense Ratio	17.4 %	20.7 %	17.6 %	20.0 %
InsuranceCo Combined Ratio	**101.3 %**	**110.6 %**	**97.6 %**	**103.2 %**

The InsuranceCo Combined Ratio improved for the three and nine months ended September 30, 2023 as compared to the three and nine months ended September 30, 2022, consistent with the improvement in the MLR and InsuranceCo Administrative Expense Ratio.

Adjusted Administrative Expense Ratio EBITDA

The Adjusted Administrative Expense Ratio is an operating ratio that reflects table below sets forth the Company's total administrative expenses (“Total Administrative Expenses”), net reconciliation of non-cash and non-recurring items (as adjusted, “Adjusted Administrative Expenses”), as a percentage of total revenue, including quota share reinsurance premiums ceded and excluding excess of loss reinsurance premiums ceded and non-recurring items (“Adjusted Total Revenue”). Total Administrative Expenses are calculated as Total Operating Expenses, excluding non-administrative insurance-based expenses and the impact of quota share reinsurance. Adjusted Administrative Expenses are Total Administrative Expenses, net of non-cash and non-recurring expense items. Adjusted Administrative Expenses exclude insurance-based expenses, non-cash expenses and non-recurring expenses. We believe Adjusted Administrative Expense Ratio is useful Net income (loss) to evaluate our ability to manage our overall administrative expense base. This ratio also provides further clarity into our overall path to profitability.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023	2022	2023	2022
	(in thousands)			
Total Operating Expenses	**$ 1,498,235**	**$ 1,170,799**	**$ 4,521,349**	**$ 3,335,899**
Claims incurred, net	(1,163,194)	(852,689)	(3,436,785)	(2,395,894)
Premium deficiency reserve release	3,201	6,539	4,034	14,280
Impact of quota share reinsurance (1)	(7,169)	38,328	(23,431)	113,996
Total Administrative Expenses	**$ 331,073**	**$ 362,977**	**$ 1,065,167**	**$ 1,068,281**
Stock-based compensation expense	(28,768)	(28,560)	(133,541)	(83,241)
Depreciation and amortization	(9,191)	(4,058)	(22,952)	(11,548)
Adjusted Administrative Expenses (A)	**$ 293,114**	**$ 330,359**	**$ 908,674**	**$ 973,492**
Total Revenue	**$ 1,439,991**	**$ 978,427**	**$ 4,431,211**	**$ 2,968,511**
Reinsurance premiums ceded	2,903	364,384	10,111	1,097,929
Excess of loss reinsurance premiums	(1,457)	(8,621)	(7,981)	(23,387)
Adjusted Total Revenue (B)	**$ 1,441,437**	**$ 1,334,190**	**$ 4,433,341**	**$ 4,043,053**
Adjusted Administrative Expense Ratio (A divided by B)	**20.3 %**	**24.8 %**	**20.5 %**	**24.1 %**

(1) Includes ceding commissions received from reinsurers, net of the impact of deposit accounting of $(7,139) and $(1,758) for the three months ended September 30, 2023 and 2022, respectively, and $(22,455) and $(5,417) for the nine months ended September 30, 2023 and 2022, respectively.

The Adjusted Administrative Expense Ratio improved for the three and nine months ended September 30, 2023 as compared to the three and nine months ended September 30, 2022. Total administrative expenses were lower in 2023 compared to 2022 primarily due to lower distribution expenses, employee costs, and other variable insurance costs offset by higher vendor costs associated with medical cost initiatives. The Adjusted Administrative Expense Ratio for both comparative periods also benefited from higher net premiums as a result of lower risk transfer, higher investment income, and variable expense efficiency.

Adjusted EBITDA

Adjusted EBITDA is defined as Net loss for the Company and its consolidated subsidiaries before interest expense, income tax expense (benefit), depreciation and amortization as further adjusted for stock-based compensation, and other items that are considered unusual or not representative of underlying trends of our business, where applicable for the period presented. We present Adjusted EBITDA because we consider it to be an important supplemental measure of our performance and believe it is frequently used by securities analysts, investors, and other interested parties in the evaluation of companies in our industry. Adjusted EBITDA is a non-GAAP measure. Management believes that investors' understanding of our performance is enhanced by including this non-GAAP financial measure as a reasonable basis for comparing our ongoing results of operations.

We caution investors that amounts presented in accordance with our definition of Adjusted EBITDA may not be comparable to similar measures disclosed by our competitors, because not all companies and analysts calculate Adjusted EBITDA in the same manner.

Management uses Adjusted EBITDA:

- as a measurement of operating performance because it assists us in comparing the operating performance of our business on a consistent basis, as it removes the impact of items not directly resulting from our core operations;

- for planning purposes, including the preparation of our internal annual operating budget and financial projections;
- to evaluate the performance and effectiveness of our operational strategies; and
- to evaluate our capacity to expand our business.

By providing this non-GAAP financial measure, together with a reconciliation to the most comparable U.S. GAAP measure, Net loss, we believe we are enhancing investors' understanding of our business and our results of operations, as well as assisting investors in evaluating how well we are executing our strategic initiatives. Adjusted EBITDA has limitations as an analytical tool, and should not be considered in isolation, or as an alternative to, or a substitute for Net loss or other financial statement data presented in our Condensed Consolidated Financial Statements as indicators of financial performance.

		Three Months Ended September 30,		**Nine Months Ended September 30,**				
		2023	**2022**	**2023**	**2022**			
		(in thousands)						
Net loss		$(65,703)	$(193,547)	$(120,756)	$(382,992)			
		Three Months Ended March 31,						
		Three Months Ended March 31,						
		Three Months Ended March 31,						
(in thousands)						(in thousands)	**2024**	**2023**
Net income (loss)								
Interest expense	Interest expense	6,130	6,126	18,386	16,488			
Other expenses (income)		414	(3,336)	8,132	(1,076)			
Income tax expense (benefit)		915	(1,615)	4,100	192			
Other expenses								
Income tax expense								
Depreciation and amortization	Depreciation and amortization	9,191	4,058	22,952	11,548			
Stock-based compensation(1)	Stock-based compensation(1)	28,768	28,560	133,541	83,241			
Adjusted EBITDA	**Adjusted EBITDA**	**$(20,285)**	**$(159,754)**	**$ 66,355**	**$(272,599)**			
Adjusted EBITDA								
Adjusted EBITDA								

(1) Represents non-cash expenses related to equity-based compensation programs, which vary from period to period depending on various factors including the timing, number, and the valuation of awards. Nine The three months ended September 30, 2023, March 31, 2023 includes a non-recurring charge of $46.3 million related to accelerated stock-based compensation expense recognized as a result of the cancellation of the Founders Awards. Refer to Note 13 - Cancellation of Founders Awards for additional information.

Components of our Results of Operations

Premiums Before Ceded Reinsurance

Premiums before ceded reinsurance primarily consist of premiums received, or to be received, directly from our members or from CMS as part of the APTC program, net of the impact of our risk adjustment payable. Premiums before ceded reinsurance are generally impacted by the amount of risk sharing adjustments, our ability to acquire new members and retain existing members, and average size and premium rate of policies.

Reinsurance Premiums Ceded

Reinsurance premiums ceded represent the amount of premiums written that are ceded to reinsurers either through quota share agreements accounted for under reinsurance accounting or XOL reinsurance. Reinsurance premiums ceded are recognized over the reinsurance contract period in proportion to the period of risk covered. The volume of our reinsurance premiums ceded is impacted by the level of our premiums earned and any decision we make to increase or decrease limits, retention levels, and co-participations.

Administrative Services Revenue

Administrative services revenue includes revenue earned from administrative services performed as part of the +Oscar platform.

Investment Income and Other Revenue

Investment income and other revenue primarily includes interest earned and gains on our investment portfolio, along with miscellaneous sources of revenue.

Claims Incurred, Net

Claims incurred, net, primarily consists of both paid and unpaid medical expenses incurred to provide medical services and products to our members. Medical claims include fee-for-service claims, pharmacy benefits, capitation payments to providers, provider disputed claims and various other medical-related costs. Under fee-for-service claims arrangements with providers, we retain the financial responsibility for medical care provided and incur costs based on actual utilization of hospital and physician services. Medical claims are recognized in the period health care services are provided. Unpaid medical expenses include claims reported and in the process of being settled, but that have not yet been paid, as well as health care costs incurred but not yet reported to us, which are collectively referred to as benefits payable or claim reserves. The development of the claim reserve estimate is based on actuarial methodologies that consider underlying claim payment patterns, medical cost inflation, historical developments, such as claim inventory levels and claim receipt patterns, and other relevant factors. The methods for making such estimates and for establishing the resulting liability are continuously reviewed and any adjustments are reflected in the period determined. Claims incurred, net also reflects the net impact of our ceded reinsurance claims.

Other Insurance Costs

Other insurance costs primarily include distribution costs, including broker commissions, wages, benefits, marketing, rent, costs of software and hardware, unallocated claims adjustment expenses, and administrative costs associated with functions that are necessary to support our health insurance business. Such functions include, but are not limited to, member concierge services, claims processing, utilization management, and related health plan operations, actuarial, compliance and portions of information systems, legal and finance. This line item also includes ceding commissions related to quota share agreements accounted for under reinsurance accounting that are in runoff, as well as the impact of deposit accounting.

General and Administrative Expenses

General and administrative expenses primarily include wages, benefits, costs of software and hardware, and administrative costs for our corporate and technology functions. Such functions include, but are not limited to executive management, and portions of legal, finance and information systems, including product management and development.

Federal and State Assessments

Federal and state assessments represent non-income tax charges from federal and state governments, including but not limited to healthcare exchange user fees, premium taxes, franchise taxes, and other state and local non-premium related taxes.

Premium Deficiency Reserve Release

Premium deficiency reserve release is the year over year change in the premium deficiency reserve liability. Premium deficiency reserve liabilities are established when it is probable that expected future claims and maintenance expenses will exceed future premium and reinsurance recoveries on existing medical insurance contracts.

Interest Expense

Interest expense consists primarily of interest expense associated with our debt arrangements, including amortization of debt issuance costs and discounts and revolving credit facility fees.

Other Expenses (Income)

Other expenses (income) consists primarily of miscellaneous expenses or income that are not core to our operations, including profit sharing arrangements with our co-branded health plans and changes in the fair value of financial instruments.

Income Tax Expense (Benefit)

Income tax expense (benefit) consists primarily of changes to our current and deferred federal and state tax assets and liabilities. Income taxes are recorded as deferred tax assets and deferred tax liabilities based on differences between the book and tax bases of assets and liabilities. Our deferred tax assets and liabilities are calculated by applying the current tax rates and laws to taxable years in which such differences are expected to reverse.

Results of Operations

Three Months Ended September 30, 2023 compared to Three Months Ended September 30, 2022

The following table sets forth our results of operations for the periods indicated:

	Three Months Ended September 30,			
	2023	2022	$ Change	% Change

	(in thousands)			
Revenue				
Premiums before ceded reinsurance	$ 1,394,985	$ 1,318,048	$ 76,937	6 %
Reinsurance premiums ceded	(2,903)	(364,384)	361,481	(99)%
Premiums earned	1,392,082	953,664	438,418	46 %
Administrative services revenue	3,871	19,421	(15,550)	(80)%
Investment income and other revenue	44,038	5,342	38,696	*NM
Total revenue	1,439,991	978,427	461,564	47 %
Operating Expenses				
Claims incurred, net	1,163,194	852,689	310,505	36 %
Other insurance costs	192,863	174,978	17,885	10 %
General and administrative expenses	75,503	78,557	(3,054)	(4)%
Federal and state assessments	69,876	71,114	(1,238)	(2)%
Premium deficiency reserve release	(3,201)	(6,539)	3,338	(51)%
Total operating expenses	1,498,235	1,170,799	327,436	28 %
Loss from operations	(58,244)	(192,372)	134,128	(70)%
Interest expense	6,130	6,126	4	— %
Other expenses (income)	414	(3,336)	3,750	(112)%
Loss before income taxes	(64,788)	(195,162)	130,374	(67)%
Income tax expense (benefit)	915	(1,615)	2,530	(157)%
Net loss	**$ (65,703)**	**$ (193,547)**	**$ 127,844**	**(66)%**

**NM - not meaningful*

Premiums Before Ceded Reinsurance

Premiums before ceded reinsuranceincreased $76.9 million, or 6%, to $1.4 billion for the three months ended September 30, 2023, from $1.3 billion for the three months ended September 30, 2022. The increase was primarily due to higher premiums as a result of rate actions on the individual book, lower risk transfers per member driven by higher acuity in the enrolled population, and new Cigna+Oscar members served at higher rates, modestly offset by lower membership.

Reinsurance Premiums Ceded

Reinsurance premiums ceded decreased $361.5 million, or 99%, to $2.9 million for the three months ended September 30, 2023, from $364.4 million for the three months ended September 30, 2022. This change reflects revisions to our 2023 quota share reinsurance program to terminate a contract that had been in place for the 2022 policy year and accounted for under reinsurance accounting, and to enter into a new quota share arrangement for the 2023 policy year that is being accounted for under deposit accounting.

Administrative Services Revenue

Administrative services revenue decreased$15.6 million to $3.9 million for the three months ended September 30, 2023, from $19.4 million for the three months ended September 30, 2022. Thisdecrease was driven by the termination of our arrangement with Health First Shared Services, Inc. (“Health First”) and transition of services from +Oscar to Health First effective December 31, 2022.

Investment Income and Other Revenue

Investment income and other revenue increased $38.7 million to $44.0 million for the three months ended September 30, 2023, from $5.3 million for the three months ended September 30, 2022, primarily due to higher investment yields and higher interest rates.

Claims Incurred, Net

Claims incurred, net, increased $310.5 million, or 36%, to $1.2 billion for the three months ended September 30, 2023, from $852.7 million for the three months ended September 30, 2022.The increase was primarily due to revisions to our 2023 quota share reinsurance program to terminate a contract that had been in place for the 2022 policy year and accounted for under reinsurance accounting, and to enter into a new quota share arrangement for the 2023 policy year that is being accounted for under deposit accounting.

Other Insurance Costs

Other insurance costs increased $17.9 million,or 10%, to $192.9 millionfor the three months ended September 30, 2023, from $175.0 million for the three months ended September 30, 2022. The increase was primarily attributable to revisions to our 2023 quota share reinsurance program to terminate a contract that had been in place for the 2022 policy year and accounted for under reinsurance accounting and to enter into a new quota share arrangement for the 2023 policy year that is being accounted for under deposit accounting. The increase was partially offset by lower distribution expenses.

General and Administrative Expenses

General and administrative expenses decreased $3.1 million, or 4%, to $75.5 million for the three months ended September 30, 2023, from $78.6 million for the three months ended September 30, 2022. Thedecrease was primarily attributable to the termination of the Health First arrangement and lower vendor related costs.

Premium Deficiency Reserve Release

Premium deficiency reserve release decreased $3.3 million to $3.2 million for the three months ended September 30, 2023, from $6.5 million for the three months ended September 30, 2022, due to lower premium deficiency reserve established at the end of 2022 as compared to the reserve established at the end of 2021.

Income Tax Expense (Benefit)

Our effective tax rate for the three months ended September 30, 2023 and September 30, 2022 was approximately (1.41)% and 0.83%, respectively.

Results of Operations

Nine Months Ended September 30, 2023 compared to Nine Months Ended September 30, 2022

The following table sets forth our results of operations for the periods indicated:

	Nine Months Ended September 30,			
	2023	2022	$ Change	% Change
	(in thousands)			
Revenue				
Premiums before ceded reinsurance	$ 4,305,785	$ 4,001,589	$ 304,196	8 %
Reinsurance premiums ceded	(10,111)	(1,097,929)	1,087,818	(99)%
Premiums earned	4,295,674	2,903,660	1,392,014	48 %
Administrative services revenue	11,612	58,366	(46,754)	(80)%
Investment income and other revenue	123,925	6,485	117,440	*NM
Total revenue	4,431,211	2,968,511	1,462,700	49 %
Operating Expenses				
Claims incurred, net	3,436,785	2,395,894	1,040,891	43 %
Other insurance costs	618,078	510,580	107,498	21 %
General and administrative expenses	254,106	233,975	20,131	9 %
Federal and state assessments	216,414	209,730	6,684	3 %
Premium deficiency reserve release	(4,034)	(14,280)	10,246	(72)%
Total operating expenses	4,521,349	3,335,899	1,185,450	36 %
Loss from operations	(90,138)	(367,388)	277,250	(75)%
Interest expense	18,386	16,488	1,898	12 %
Other expenses (income)	8,132	(1,076)	9,208	(856)%
Loss before income taxes	(116,656)	(382,800)	266,144	(70)%
Income tax expense (benefit)	4,100	192	3,908	2035 %
Net loss	**$ (120,756)**	**$ (382,992)**	**$ 262,236**	**(68)%**

**NM - not meaningful*

Premiums Before Ceded Reinsurance

Premiums before ceded reinsuranceincreased $304.2 million, or 8%, to $4.3 billion for the nine months ended September 30, 2023, from $4.0 billion for the nine months ended September 30, 2022. The increase was primarily due to lower risk transfer per member as a percent of premium driven by higher acuity in the member population, higher per member premiums from rate actions on the Individual book and new Cigna+Oscar members served at higher rates, modestly offset by lower membership.

Reinsurance Premiums Ceded

Reinsurance premiums ceded decreased $1.1 billion, or 99%, to $10.1 million for the nine months ended September 30, 2023, from $1.1 billion for the nine months ended September 30, 2022. This change reflects revisions to our 2023 quota share reinsurance program to terminate a contract that had been in place for the 2022 policy year and accounted for under reinsurance accounting, and to enter into a new quota share arrangement for the 2023 policy year that is being accounted for under deposit accounting.

Administrative Services Revenue

Administrative services revenue decreased $46.8 million to $11.6 million for the nine months ended September 30, 2023, from $58.4 million for the nine months ended September 30, 2022. This decrease was driven by the termination of our arrangement with Health First and transition of services from +Oscar to Health First effective December 31, 2022.

Investment Income and Other Revenue

Investment income and other revenue increased $117.4 million to $123.9 million for the nine months ended September 30, 2023, from $6.5 million for the nine months ended September 30, 2022, primarily due to higher investment yields and higher interest rates.

Claims Incurred, Net

Claims incurred, net, increased $1.0 billion, or 43%, to $3.4 billion for the nine months ended September 30, 2023, from $2.4 billion for the nine months ended September 30, 2022. The increase was primarily due to revisions to our 2023 quota share reinsurance program to terminate a contract that had been in place for the 2022 policy year and accounted for under reinsurance accounting, and to enter into a new quota share arrangement for the 2023 policy year that is being accounted for under deposit accounting.

Other Insurance Costs

Other insurance costs increased $107.5 million,or 21%, to $618.1 millionfor the nine months ended September 30, 2023, from $510.6 million for the nine months ended September 30, 2022. The increase was primarily attributable to revisions to our 2023 quota share reinsurance program to terminate a contract that had been in place for the 2022 policy year and accounted for under reinsurance accounting and to enter into a new quota share arrangement for the 2023 policy year that is being accounted for under deposit accounting. Additional increase was attributable to the acceleration of the non-cash stock compensation expense associated with the cancellation of the Founders Awards. The increase was partially offset by lower distribution expenses.

General and Administrative Expenses

General and administrative expenses increased $20.1 million, or 9%, to $254.1 million for the nine months ended September 30, 2023, from $234.0 million for the nine months ended September 30, 2022. The increase was primarily attributable to the acceleration of the non-cash stock compensation expense associated with the cancellation of the Founders Awards.

Federal and State Assessments

Federal and state assessments increased $6.7 million, or 3%, to $216.4 million for the nine months ended September 30, 2023, from $209.7 million for the nine months ended September 30, 2022, which was primarily due to higher premiums.

Premium Deficiency Reserve Release

Premium deficiency reserve release decreased $10.2 million to $4.0 million for the nine months ended September 30, 2023, from $14.3 million for the nine months ended September 30, 2022, due to lower premium deficiency reserve established at the end of 2022 as compared to the reserve established at the end of 2021.

Income Tax Expense (Benefit)

Our effective tax rate for the nine months ended September 30, 2023 and September 30, 2022 was approximately (3.51)% and (0.05)%, respectively.

Liquidity and Capital Resources

Overview

We maintain liquidity at two levels of our corporate structure, through our health insurance subsidiaries (any subsidiary of Oscar Health, Inc. that has applied for or received a license, certification or authorization to sell health plans by any state Department of Insurance, Department of Financial Services, Department of Health, or comparable regulatory authority) and through Holdco, our consolidated holding company (our parent company, Oscar Health, Inc. on a standalone basis ("Parent") and subsidiaries excluding our regulated health insurance subsidiaries. subsidiaries).

The majority of the assets held by the holding company are in the form of cash and cash equivalents and investments. As of March 31, 2024 and December 31, 2023, total cash and cash equivalents and investments held by the holding company was $159.0 million and $233.5 million, respectively, of which $12.6 millionwas restricted for both March 31, 2024 and

December 31, 2023.

The majority of the assets held by our health insurance subsidiaries is are in the form of cash and cash equivalents and investments. As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, total cash and cash equivalents and investments held by our health insurance subsidiaries was $2.4 billion $3.5 billion and $2.9 billion $2.7 billion, respectively, of which $17.5 million $17.2 million and $17.7 million $17.3 million, respectively, was on deposit with regulators as required for statutory licensing purposes and are classified as restricted deposits on the balance sheet.

Our health insurance subsidiaries' states of domicile have statutory minimum capital requirements that are intended to measure capital adequacy, taking into account the risk characteristics of an insurer's investments and products. The combined statutory capital and surplus of our health insurance subsidiaries was $874.6 million$989.0 million and $701.5 million at September 30, 2023 $800.6 million as of March 31, 2024 and December 31, 2022 December 31, 2023, respectively, which was in compliance with and in excess of the minimum capital requirements for each period. The health insurance subsidiaries historically have required capital contributions from Parent to maintain minimum levels. The health insurance subsidiaries may be subject to additional capital and surplus requirements in the future, as a result of factors such as increasing membership and medical costs, which may require us to incur additional indebtedness, sell capital stock, or access other sources of funding in order to fund such requirements. During periods of increased volatility, such as the current macroeconomic environment, adverse securities and credit markets, including those due to rising interest rates, may exert downward pressure on the availability of liquidity and credit capacity for certain issuers, and any such funding may not be available on favorable terms, or at all. As a result of changing market dynamics following market exits by certain carriers in 2022, we proactively engaged regulators regarding options to manage our membership growth to a level at the end of the 2023 Open Enrollment Period that enabled us to prudently manage our capital. The membership enrollment restrictions that were put in place have been removed, and for additional information, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments, Trends and Other Factors Impacting Performance—Regulatory Update."

When As our health insurance subsidiaries are have collectively become profitable or if and to the extent their levels of statutory capital and surplus continue to exceed minimum regulatory requirements, we may make periodic requests for dividends and distributions from our subsidiaries to fund our operations or seek to enter into transactions or structures that enable us to efficiently deploy this excess capital, which may or may not be approved require approval by our regulators. For additional information, see Part II, Item 1A "Risk Factors—Risks Related The health insurance subsidiaries paid dividends, distributions, and loan repayments of $52 million to our Business—If state regulators do not approve payments Parent in 2023. As of dividends and distributions by March 31, 2024, our health insurance subsidiaries have made loan repayments of $13.0 million to us, or do not approve other capital efficiency structures we may pursue, we may not have sufficient funds to implement our business strategy." Parent.

Our health insurance subsidiaries also utilize quota share reinsurance arrangements to reduce our minimum capital and surplus requirements, which are designed to enable us to efficiently deploy capital to fund our growth. During the nine three months ended September 30, 2023 March 31, 2024 and the year ended December 31, 2022 March 31, 2023, Parent made $16.5 million $8.0 million and $423.5 million $11.0 million of capital contributions, respectively, to the health insurance subsidiaries. We estimate that had we not had any quota share reinsurance arrangements in place, the insurance subsidiaries would have been required to hold approximately $454.2 million $462.0 million and $446.8 million $447.1 million of additional capital as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively, which Parent would have been required to fund. The actual amount of any required capital contributions to our insurance subsidiaries may differ at any given time depending on each insurance subsidiary's capital adequacy. For additional information on our capital contributions and reinsurance arrangements, see "Risk Factors—Risks Related to our Business—We utilize quota share reinsurance to reduce our capital and surplus requirements and protect against downside risk on medical claims. If regulators do not approve our reinsurance agreements for this purpose, or if we cannot negotiate renewals of our quota share arrangements on acceptable terms, or at all, enter into new agreements with reinsurers, or otherwise obtain capital through debt or equity financings, our capital position would be negatively impacted, and we could fall out of compliance with applicable regulatory requirements" and "Risk Factors—Risks Most Material to Us—Our business, financial condition, and results of operations may be harmed if we fail to execute our strategy and manage our growth effectively," each in this Quarterly Report on Form 10-Q.

Short-Term Cash Requirements

The majority Company's cash requirements within the next twelve months include benefits payable, risk adjustment transfer payable, current lease liabilities, interest payable on debt, other current liabilities and purchase commitments and other obligations. We expect the cash required to meet these obligations to be primarily funded by cash available for general corporate use, cash flows from current operations, and/or the realization of the current assets, held by Holdco are in the form of cash and cash equivalents and investments. As of September 30, 2023 and December 31, 2022, total cash and cash equivalents and investments held by Holdco was $238.9 millionand $342.0 million, respectively, of which $9.8 million was restricted for both 2023 and 2022. such as accounts receivable. Based on our current forecast, we believe the Company's cash, and cash equivalents and investments, held by Holdco, not including restricted cash, will be sufficient to fund our operating requirements for at least the next twelve months.

Our cash flows used in operations may differ substantially from our net loss due to non-cash charges or due to changes in balance sheet accounts. The timing of our cash flows from operating activities can also vary among periods due to the timing of payments made or received. Some of our payments and receipts, including risk adjustment and subsequent reinsurance receipts, can be significant. For example, during the third quarter As such, timing of 2023, we made a payment through our health insurance subsidiaries of approximately $1.4 billion into the risk adjustment program for the 2022 policy year. Therefore, their timing payments and receipts can influence cash flows from operating activities in any given period which would have a negative impact on our operating cash flows.

Long-Term Cash Requirements

Our long-term cash requirements under our various contractual obligations and commitments include operating leases. We expect the cash required to meet our long-term obligations to be primarily generated through future cash flows from operations.

Convertible Senior Notes

On January 27, 2022

During the three months ended March 31, 2024, we entered into an investment agreement (the "Investment Agreement") pursuant to which we agreed to issue and sell $305.0 million in aggregate principal amount of 7.25% convertible senior notes due 2031 (the "2031 Notes") in a private placement to funds affiliated with or advised by Dragoneer Investment Group, LLC, Thrive Capital, LionTree Investment Management, LLC and Tenere Capital LLC . The transaction contemplated by the Investment Agreement closed on February 3, 2022 (the "Closing Date"). In connection with the issuance conditional conversion feature of the 2031 Notes, on February 3, 2022, we entered into an Indenture between us and U.S. Bank National Association, as trustee. The which permits conversion upon satisfaction of the common stock sale price condition, was satisfied. As a result, the 2031 Notes bear interest at a rate are convertible during the second quarter of 7.25% per annum, payable in cash, semi-annually in arrears 2024. For more information on June 30 and December 31 of each year, commencing on June 30, 2022. The Company may determine in the future to repurchase portions of the outstanding our 2031 Notes, from time see Note 7 – Debt to time our Condensed Consolidated Financial Statements included elsewhere in accordance with applicable SEC and other legal requirements and in consideration of market and other conditions. See Note 9 - Long-Term Debt for additional information. this Quarterly Report on Form 10-Q.

Revolving Credit Facility

On February 21, 2021, we entered into a senior secured credit agreement (the "Revolving Credit Facility"), with Wells Fargo Bank, National Association, as administrative agent, and certain other lenders for a revolving loan credit facility in the aggregate principal amount of $200 million. The

We have $115.0 million available to draw under our Revolving Credit Facility is guaranteed by Oscar Management Corporation, each wholly owned subsidiary of Oscar, and all of our future direct and indirect subsidiaries (in each case, subject to certain permitted exceptions, including exceptions for guarantees that would require material governmental consents or in respect of joint venture) (the "Guarantors"). Our Revolving Credit Facility is secured by a lien on substantially all of our and the Guarantors' assets (subject to certain exceptions). Proceeds are to be used solely for general corporate purposes of the Company. The Revolving Credit Facility is available until February 2024, December 2025, provided we are in compliance with all covenants.

The Revolving Credit Facility permits us to increase commitments under the Revolving Credit Facility by an aggregate amount not to exceed $50 million. The incurrence of any such incremental Revolving Credit Facility will be subject to the following conditions measured at the time of incurrence of such commitments: (i) no default or event of default, (ii) all representations and warranties must be true and correct in all material respects immediately prior to, and after giving effect to, the incurrence of such incremental Revolving Credit Facility and (iii) and any such conditions as agreed between the Borrower and the lender providing such incremental commitment.

The Revolving Credit Facility requires us to comply with certain restrictive covenants, including but not limited to covenants relating to limitations on indebtedness, liens, investments, loans and advances, restricted payments and restrictive agreements, mergers, consolidations, sale of assets and acquisitions, sale and leaseback transactions and affiliate transactions.

In addition, the Revolving Credit Facility contains financial covenants that require us to maintain specified levels of direct policy premiums and liquidity and require compliance with a maximum combined ratio.

As of September 30, 2023 March 31, 2024, there were no outstanding borrowings under the Revolving Credit Facility.

Interest Rate, Commitment Fees

The interest rate applicable to borrowings under For more information on our Revolving Credit Facility, is determined as follows, at our option: (a) a rate per annum equal to an adjusted term secured overnight financing rate ("SOFR") plus an applicable margin see Part II, Item 7, Management's Discussion and Analysis of 4.50% (SOFR is calculated based on one-, three- or six-month SOFR, or such other period as agreed by all relevant Lenders, which is determined by reference to the SOFR administrator's website, but not less than 1.00%), or (b) a rate per annum equal to the Alternate Base Rate, as defined in the Financial Condition and Results of Operations—Liquidity and Capital Resources—Revolving Credit Facility plus in our Annual Report on Form 10-K for the applicable margin of 3.50% (the Alternate Base Rate is equal to the highest of (i) the prime rate, (ii) the federal funds effective rate plus 0.50% year ended December 31, 2023, and (iii) SOFR based Note 7 – Debt to our Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on a one-month interest period, plus 1.00%). A commitment fee of 0.50% per annum is payable under our Revolving Credit Facility on the actual daily unused portions of the Revolving Credit Facility. Form 10-Q.

Investments

We generally invest the cash of our health insurance subsidiaries in U.S. treasury and agency securities. We primarily invest the cash of the Company in investment-grade, marketable debt securities to improve our overall investment return. These investments are purchased pursuant to board-approved investment policies that reflect our obligations under our credit agreement and conform to applicable state laws and regulations.

Our investment policies are designed to provide liquidity, preserve capital, and maximize total return on invested assets, all in a manner consistent with state requirements that prescribe the types of instruments in which our insurance subsidiaries may invest. These investment policies require that our investments of U.S. Corporate bonds have final maturities of a maximum of three two years from the settlement date. date and a maximum of five years from the settlement date for U.S. Government obligations. Professional portfolio managers operating under documented guidelines manage our investments and a portion of our cash equivalents. Our portfolio managers must obtain our prior approval before selling investments in a loss position. Net investment income (loss) for our health insurance subsidiaries was $39.8 and $4.1 40.3 millionand $34.9 million for the three months ended September 30, 2023andSeptember 30, 2022, respectively, and$114.0 and $2.8 million for the nine months ended September 30, 2023March 31, 2024, and September 30, 2022March 31, 2023, respectively. Net investment income for our health insurance subsidiaries was $25.8 million for the year ended December 31, 2022.

Our restricted investments are invested principally in cash and cash equivalents and U.S. treasury securities; we have the ability to hold such restricted investments until maturity. The Company maintains cash and cash equivalents and investments on deposit or pledged to various state agencies as a condition for licensure. We classify our restricted deposits as long-term given the requirement to maintain such assets on deposit with regulators.

Summary of Cash Flows

Our

Net cash flows used in operations may differ substantially from our net loss provided by operating activities increased $219.6 million to $634.4 million for the three months ended March 31, 2024, compared to $414.7 million for the three months ended March 31, 2023. The increase was primarily due to non-cash charges or due to changes in balance sheet accounts.

The timing of our cash flows from operating activities can also vary among periods due to the timing of payments made or received. Some of our payments and receipts, including loss settlements and subsequent reinsurance receipts, can be significant. Therefore, their timing can influence cash flows from operating activities in any given period. The potential for a large higher premiums received, which were partially offset by higher claim under an insurance or reinsurance contract means that our health insurance subsidiaries may need to make substantial payments within relatively short periods of time, which would have a negative impact on our operating cash flows.

The following table shows summary cash flows information for the periods indicated:

	Nine Months Ended September 30,		
	2023	2022	Change
	(in thousands)		
Net cash (used in) provided by operating activities	$ (569,027)	$ 228,955	$ (797,982)
Net cash provided by investing activities	404,710	480,161	(75,451)
Net cash provided by financing activities	5,377	300,583	(295,206)
Net (decrease) increase in cash and cash equivalents and restricted cash equivalents	**$ (158,940)**	**$ 1,009,699**	**$ (1,168,639)**

Operating Activities

disbursements. Net cash used in operatinginvesting activities decreased$798.0 million to $569.0 millionwas $300.6 million for the ninethree months ended September 30, 2023March 31, 2024, as compared to $229.0 million provided by operating activities for the nine months ended September 30, 2022. The decrease is primarily due to higher claims paid and higher adjustment transfer disbursements, offset by reinsurance recoverables.

Investing Activities

Net$135.5 million of net cash provided by investing activities decreased$75.5 million to $404.7 million for the ninethree months ended September 30, 2023, compared to $480.2 million for the nine months ended September 30, 2022March 31, 2023. The decreasechange was primarily duethe sale to an increase in purchased securities and reductions in sales of securities and maturity of securities within our investment portfolio, offset by the purchase of securities.

Financing Activities

investments. Net cash provided by financing activities decreased $295.2 millionincreased $26.8 million to $5.4 million$27.3 million for the ninethree months ended September 30, 2023March 31, 2024, compared to $300.6$0.5 million for the ninethree months ended September 30, 2022March 31, 2023. The decreaseincrease was primarily due to net proceeds received from the issuanceexercise of convertible senior notes due 2031 in February 2022.

stock options.

Item 3. Quantitative and Qualitative Disclosures Aboutabout Market Risk

Market risk represents the risk of loss that may impact our financial position due to adverse changes in financial market prices and rates. Our market risk exposure is primarily a result of exposure dueattributable to potential changes in interest rates and/or inflation and the resulting impact on investment income and interest expense. We do not hold financial instruments for trading purposes.

Interest Rate Risk

We are subject to interest rate risk in connection with the fair value of our investment portfolio, which consists of U.S. Treasury and agency securities, corporate notes, and certificates of deposit, commercial paper and municipalities.deposit. Our primary market risk exposure is driven by changes to prime rate-based interest rates. Interest rate risk is highly sensitive due to many factors, including U.S. monetary and tax policies, U.S. and international economic factors, and other factors beyond our control. Assuming a hypothetical and immediate 1% increase in interest rates at September 30, 2023March 31, 2024, the fair value of our investments would decrease by approximately $6.0$17.4 million. Any declines in interest rates over time would reduce our investment income.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) are designed to ensure that information required to be disclosed by us in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures. Management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives.

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated, as of the end of the period covered by this report, the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act). Based on that evaluation, and as a result of the material weakness described below, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2023 March 31, 2024, our disclosure controls and procedures were not effective at the reasonable assurance level.

Notwithstanding the conclusion that our disclosure controls and procedures were not effective as of September 30, 2023 due to the material weakness, we believe that our Condensed Consolidated Financial Statements included in this report present fairly, in all material respects, our financial position and results of operations and cash flows as of each of the dates, and for each of the periods, presented therein in accordance with U.S. GAAP.

Material Weakness in Internal Control Over Financial Reporting

A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with U.S. GAAP. In connection with our audit of Consolidated Financial Statements for the year ended December 31, 2021, we identified certain control deficiencies in the design and operation of our internal control over financial reporting that constituted a material weakness.

We did not design and maintain effective controls over certain information technology ("IT") general controls for information systems that are relevant to the preparation of our financial statements. Specifically, we did not design and maintain (i) program change management controls for certain financial systems to ensure that IT program and data changes affecting certain IT applications and underlying accounting records are identified, tested, authorized and implemented appropriately, (ii) user access controls that adequately restrict user and privileged access to certain financial applications, programs and data to appropriate company personnel, and (iii) testing and approval controls for program development to ensure that new software development is aligned with business and IT requirements.

These IT deficiencies did not result in a material misstatement to the financial statements, however, the deficiencies, when aggregated, could impact the effectiveness of IT-dependent controls (such as automated controls that address the risk of material misstatement to one or more assertions, along with the IT controls and underlying data that support the effectiveness of system-generated data and reports) that could result in misstatements potentially impacting all financial statement accounts and disclosures that would not be prevented or detected. Accordingly, management has determined these deficiencies in the aggregate constitute a material weakness.

Remediation Plan for the Material Weakness

In order to address the material weakness in internal control over IT general controls, management has implemented enhanced policies, procedures and related internal controls to ensure business processes achieve the intended control objectives and provide for greater clarity, scalability and sustainability.

In addition, management automated components of our change management and logical access processes, enhanced privileged access logging and monitoring reviews, and strengthened testing and approval controls for program development and change management to ensure that IT program and data changes affecting financial IT applications and underlying accounting records are identified, tested, authorized and implemented appropriately.

Although management has improved the design, implementation, and monitoring of our internal controls over financial reporting, we still consider there to be a material weakness in our internal control over financial reporting that has not yet been remediated as it is subject to the testing of design and operating effectiveness over a sufficient period. The material weakness will not be considered remediated until the applicable remedial controls operate for a sufficient period of time and management has concluded, through testing, that these controls are designed and operating effectively. The actions that we are taking are subject to ongoing senior management review, as well as Audit Committee oversight. We may also conclude through testing that additional measures may be required to remediate the material weakness in our internal control over financial reporting, which may necessitate additional implementation and evaluation time. We will continue to assess the effectiveness of our internal control over financial reporting and take steps to remediate the known material weakness expeditiously.

Changes in Internal Control over Financial Reporting

As described above in the “Remediation Plan for Material Weakness” section, there There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended September 30, 2023 March 31, 2024 that materially affected, or are reasonably likely to materially affect, our the Company's internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

The information required under this Part II, Item 1 is set forth in Note 12 - Commitments and Contingencies to the Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q.

Given that such proceedings are subject to uncertainty, there can be no assurance that such legal proceedings, either individually or in the aggregate, will not have a material adverse effect on our business, results of operations, financial condition or cash flows.

Item 1A. Risk Factors

Our business involves a high degree of risk. You should carefully consider the risks and uncertainties described below, together with all of the other information contained in or incorporated by reference in this Quarterly Report on Form 10-Q, including our unaudited Condensed Consolidated Financial Statements and related notes, as well as our other filings with the SEC. The occurrence of any of the events described below could harm our business, operating results, financial condition, liquidity, or prospects, and could cause our actual results to differ materially from historical results and those expressed in forward-looking statements made by us or on our behalf in filings with the SEC, press releases, communications with investors, and oral statements. In any such event, the market price of our Class A common stock could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us, or that we currently deem immaterial, may also impair our business.

Most Material Risks to Us

Our business, financial condition, and results of operations may be harmed if we fail to execute our strategy and manage our growth effectively.

Our growth strategy includes, without limitation, acquiring new members and retaining existing members, introducing new products and plans, and monetizing our technology through our +Oscar platform.

We may from time to time expand our membership by entering into new markets and introducing new health plans in the markets in which we currently operate. As our business grows, we may incur significant expenses prior to commencement of operations and the receipt of revenue in new markets or from new plans, including significant time and expense in obtaining the regulatory approvals and licenses necessary to grow our operations. For example, in order to obtain a certificate of authority to market and sell insurance in most jurisdictions, we must establish a provider network and demonstrate our ability to perform or delegate utilization management and other administrative functions, and we may be unable to complete these operational steps in a timely manner or at all. In addition, there are requirements and standards that need to be met, including in some cases an annual recertification process, in order to participate on Health Insurance Marketplaces. Even if we are successful in obtaining a certificate of authority, regulators may not approve our proposed benefit designs, provider networks, or premium levels, or may require us to change them or otherwise operate in ways that harm our profitability. If we are unable to obtain the approvals or licenses necessary, or otherwise meet regulatory and Health Insurance Marketplace requirements, our results of operations and financial condition could be materially and adversely affected.

As we expand our member base and enter new markets, we are also required to contribute capital to our insurance subsidiaries to fund capital and surplus requirements, escrows, or contingency guaranties, which may, at times, be significant. If we are successful in establishing a new health plan or entering a new market, increasing membership, revenues and medical costs could trigger further increased capital requirements, including risk-based capital (“RBC”), that could substantially exceed the net income generated by the health plan or in the new market. In certain states, the applicable statutes mandate higher capital requirements for an initial seasoning period, which may be reduced at the regulator’s discretion. In addition, our membership may increase as a result of other factors over which we have limited control, including as a result of regulatory actions or other developments that contribute to an increase in participants in the Health Insurance Marketplace, which similarly could trigger further increased capital requirements that could be substantial. We may not be able to fund on a timely basis, or at all, the increased contribution and RBC requirements with our available cash resources, and may need to incur indebtedness or issue additional capital stock. In the event we need access to capital for such purposes, our ability to obtain such capital may be limited and may come at significant cost. Further, in light of market uncertainty, we have taken, and may in the future take, preemptive steps designed to prudently manage our membership and capital position. For example, prior to the 2023 Open Enrollment Period, we requested that regulators limit our membership growth in Florida above a certain threshold so that total membership across all markets would be within our previously announced target range of 900,000 to 1,100,000 at the close of Open Enrollment, which we believed would enable us to prudently manage our capital position. Due to strong Open Enrollment performance, the threshold was met and we temporarily stopped accepting new members in Florida for plan year 2023; however, current members were still able to renew. On August 5, 2023, we received regulatory approval to remove the enrollment restriction.

Further, we may experience delays in operational start dates as we enter new markets or decide to exit geographic markets or terminate insurance products, which could not only result in financial harm, but also reputational harm to our brand. For example, the Company has previously determined to exit certain geographic markets and terminate certain insurance products, and any future decisions to exit may materially impact our financial condition. If competitors seek to retain market share by reducing prices, we may be forced to reduce our prices on similar plan offerings in order to remain competitive. There is no assurance that a reduction in our plan pricing would enable us to maintain our competitive position, and any such reduction could impact our financial condition or require a change in our operating strategies. As a result of these factors, entering new markets or introducing new health plans may decrease our profitability.

We also pursue opportunities to monetize our technology platform through +Oscar and we may be in discussions with respect to one or more such opportunities at any given time. To offer our +Oscar platform administrative services, we may be required to obtain and maintain licenses and approvals in new and existing markets, including for third party administrative services, utilization review administrative services, pharmacy benefit administration, or preferred provider network administration services. We may not be able to do so on our expected timetable or at all, or to otherwise expand our administrative service offerings and perform on our +Oscar or other commitments in an economically sustainable manner. Further, in 2022 we experienced certain operational challenges implementing full service +Oscar arrangements, including meeting certain service level standards, and a +Oscar client terminated its +Oscar arrangement. In the future, even if we are able to obtain necessary licenses and approvals, our +Oscar arrangements may pose further operational challenges, may not be implemented on our expected timetable or at all, may not perform as well as expected, may not achieve timely profitability or expected synergies, may require us to incur additional costs, may expose us to additional liability, or may result in limitations on our ability to offer products in certain insurance markets and geographic regions. If we are not able to successfully implement and/or perform on our +Oscar arrangements, this may limit our ability to retain current +Oscar clients or obtain +Oscar clients in the future.

We may also pursue opportunistic partnerships and acquisitions to allow us to provide better health care options for our members as well as to augment existing operations, and we may be in discussions with respect to one or more partnerships or acquisitions at any given time. Partnerships or other acquisition opportunities that we enter into may not perform as well as expected, may not achieve timely profitability or expected synergies, may expose us to additional liability, or may limit our ability to offer products in certain insurance markets and geographic regions.

Pursuing our strategy requires significant capital expenditures, the allocation of valuable management and operational resources, and the hiring of additional personnel, and may strain our operations and our financial and management controls and reporting systems and procedures. For example, we have experienced, and may in the future experience, challenges with respect to our operations, including with respect to our claims systems, and these difficulties could increase as our membership increases. We also have experienced and may in the future experience attrition, which may further exacerbate these challenges. If we are unable to effectively execute our strategy and effectively manage our operations, systems and controls, our results of operations and financial condition could be materially and adversely affected.

Our success and ability to grow our business depend in part on retaining and expanding our member base. If we fail to add new members or retain current members, or manage our membership growth appropriately to meet our business objectives, our business, revenue, operating results, and financial condition could be harmed.

We currently derive substantially all of our revenue from direct policy premiums, which are primarily driven by the number of members covered by our health plans. As a result, the size of our member base is critical to our success. We have experienced significant member growth since we commenced operations; however, we may not be able to maintain this growth or manage our membership growth appropriately to meet our business objectives, and our member base could decrease rapidly or shrink over time.

There are many factors that could negatively affect our ability to retain existing members and expand our member base, many of which are beyond our direct control, including if:

- we are unable to remain competitive on member experience, pricing, and insurance coverage options;
- we are unable to gain access to quality providers;
- we are unable to develop or maintain competitive provider networks;
- our competitors or new market entrants successfully mimic our innovative product offerings or our full stack technology platform;
- initiatives designed to improve member and provider experience, including the use of new technologies such as artificial intelligence or machine learning, are unsuccessful or discontinued, whether as a result of actions by us, our competitors, regulators, or other third parties;
- as a result of changes in law or otherwise, our competitors participate in the individual and small group markets to a greater extent than they have previously;
- our digital platform experiences technical or other problems or disruptions that frustrate the experience of members or providers or other third party partners;
- we or our partners or other third parties with whom we collaborate sustain a cyber-attack or suffer privacy or data security breaches;
- we experience unfavorable shifts in perception of our digital platform or other member service channels;
- we suffer reputational harm to our brand resulting from negative publicity, whether accurate or inaccurate;
- we are unable to maintain licenses and approvals, or there are material modifications or restrictions on our ability to offer insurance in our current markets or to participate on Health Insurance Marketplaces, obtain licenses and approvals to offer insurance in new markets, or to otherwise expand our plan offerings in an economically sustainable manner;
- we fail to continue to offer differentiated and competitive products, including as a result of new or revised regulations, such as the NBPP;
- our strategic partners terminate or fail to renew our current contracts or we fail to enter into contracts with new strategic partners;
- there is an initiation of new Special Enrollment Periods or other unexpected healthcare market developments;
- insurance brokers that we rely on to build our member base are unable to market our insurance products effectively; or
- we fail to attract brokers to sell our insurance products or lose important broker relationships to our competitors or otherwise.

We operate in a highly competitive environment and some of the health insurers with which we compete have greater financial and other resources, offer a broader scope of products, and may be able to price their products more competitively than ours. Many of our competitors also have relationships with more providers and provider groups than we do, and can offer a larger network or obtain better unit cost economics. Our inability to overcome these challenges could impair our ability to attract new members and retain existing members, and could have a material adverse effect on our business, revenue, operating results, and financial condition. Additionally, if we are not able to grow our membership, we may be unable to attract partners to our +Oscar platform, which could materially affect our ability to execute our growth strategy.

Failure to accurately estimate our incurred medical expenses or effectively manage our medical costs or related administrative costs could negatively affect our financial position, results of operations, and cash flows.

We set our premiums in advance of each policy year based on competitive factors in each market in which we participate as well as a projection of future expenses. As a result, the profitability of our insurance business depends, to a significant degree, on our ability to accurately estimate and effectively manage our medical expenses and administrative costs.

Numerous factors impact our ability to accurately estimate and control our medical expenses, many of which are not within our control, including, but not limited to:

- changes in health care regulations and practices, including subregulatory guidance, regulations, or statutes that govern individual, small group, or Medicare Advantage plans, or the Health Insurance Marketplaces;
- changes in medical utilization rates;
- increases in the costs of healthcare facilities and services, medical devices and pharmaceuticals, including as a result of macroeconomic inflationary effects;
- changes in our member mix, the geographic concentration of our members, and the distribution of members among our plans;
- general expansion of the individual health insurance market;
- lack of credible data in new markets or with respect to new plan offerings;
- initiation of new Special Enrollment Periods or other unexpected healthcare market developments;
- the end of the temporary suspension of eligibility recertification for Medicaid recipients in response to the COVID-19 pandemic, which will likely result in an increase in healthcare exchange participation;
- the broader competitive landscape, including new membership resulting from other health insurers exiting our markets;
- the occurrence of natural disasters, terrorism, major epidemics, pandemics (including related to COVID-19 and its variants), and the potential effects of climate change;
- continued inequity and racial discrimination in the U.S. health care system, and the resulting physical and mental health costs in broader society;
- the introduction and adoption of new or costly medical technologies and pharmaceuticals; and
- provider and broker fraud.

The PHE for COVID-19 ended on May 11, 2023. The commencement of the unwinding of the Medicaid continuous enrollment condition under the Families First Coronavirus Response Act and redeterminations was previously linked to the end of the PHE; however, the omnibus spending bill passed in December 2022 delinked Medicaid redeterminations from the end of the PHE. Medicaid redeterminations were required to begin by April 1, 2023, and conclude by May 1, 2024. As individuals are disenrolled from state Medicaid programs, certain individuals who meet the eligibility requirements may enroll in ACA marketplace plans. Although new ACA plan enrollments as a result of the Medicaid continuous enrollment unwinding and redeterminations have been marginal to date according to July 2023 data issued by CMS, the redeterminations are ongoing, and consumers' transitions to ACA marketplace plans may contribute to more substantial growth in the ACA marketplace in the future. As a result, there may be an impact on our membership and/or underwriting margin to the extent that ACA plan enrollments increase as a result of Medicaid redeterminations. We cannot predict ACA plan enrollment patterns, and the potential impact on our membership and/or underwriting margin is uncertain.

Due to the time lag between when services are actually rendered by providers and when we receive, process, and pay a claim for those services, our medical expenses include a provision for claims incurred but not paid. Given the uncertainties inherent in making estimates for such provisions, there can be no assurance that our claims liability estimate will be adequate, and any adjustments to the estimate may unfavorably impact, potentially in a material way, our reported results of operations and financial condition. Further, our inability to estimate our claims liability may also affect our ability to take timely corrective actions, further exacerbating the extent of any adverse effect on our results.

We also incur substantial administrative costs, particularly distribution costs, the costs of scaling and improving our operations and the costs of hiring and retaining personnel. External factors, including general economic conditions such as inflation and unemployment levels, are generally beyond our control and could further reduce our ability to accurately estimate and effectively control our administrative expenses, including the cost of our third party vendors. Furthermore, regulatory changes or developments may require us to change our existing practices with respect to broker commissions and could potentially result in a substantial increase in related costs or limit our ability to manage those costs in the future. For instance, on June 7, 2022, the CMS clarified its guidance that paying differential compensation to agents and brokers for coverage in the same benefit year based on whether the enrollment is completed during a Special Enrollment Period or during the Open Enrollment Period is prohibited under federal law. While Oscar had reduced broker commissions as of a certain date in 2022 in certain states for operational and business reasons, as a result of this guidance, Oscar reinstated payment of broker commissions in such states in accordance with the guidance. Any such increase in costs could cause our actual results to differ, potentially materially, from our prior expectations. As a result of our market expansion, expansion of our plan offerings and growth of our membership, our anticipated medical expenses and administrative costs are subject to additional uncertainty.

From time to time in the past, our actual results have varied from those expected, particularly in times of significant changes in the number of our members. If it is determined that our estimates are significantly different from actual results, our results of operations and financial position could be adversely affected.

We have a history of losses, and we may not achieve or maintain profitability in the future.

We have not been profitable since our inception in 2012 and had an accumulated deficit of $2.6 billion and $2.7 billion as of December 31, 2022 and September 30, 2023, respectively. We incurred net losses of $609.6 million, $65.7 million and$120.8 million in the year ended December 31, 2022 and the three and nine months ended September 30, 2023, respectively.

In support of our profitability goals, we have taken steps to price for margin expansion, drive down administrative costs and manage our medical costs, and plan to take further actions consistent with a disciplined approach to growth and prioritization of margin in our pricing. We have also taken actions to drive improved performance in our MLR and administrative expense ratio including exiting underperforming markets and optimizing our plan design portfolio to create greater balance towards profitable products. While we believe that we are tracking towards delivering on a critical company milestone of reaching profitability for our Insurance business in 2023, a critical step towards our long-term profitability objectives, we may not achieve our profitability goals on a timely basis, or at all.

In addition, we may make additional investments to further market, develop, and expand our business. These include hiring additional personnel; continuing to develop our proprietary full stack technology platform, member engagement engine and operations, including by utilizing artificial intelligence and machine learning; acquiring more members;

maintaining existing members and investing in partnerships, collaborations and acquisitions, including through our +Oscar platform. The commissions we offer to brokers could also increase significantly as we compete to attract new members. If our investments are not successful longer-term, our business and financial position may be harmed.

We may not succeed in increasing our revenue or managing our medical or administrative costs on the timeline that we expect or in amounts sufficient to reduce our net loss and ultimately become profitable. Moreover, if our revenue declines, we may not be able to reduce costs in a timely manner because many of our costs are fixed, at least in the short-term. If we are unable to manage our costs effectively, this may limit our ability to optimize our business model, acquire new members, enter into +Oscar platform arrangements and grow our revenues. Accordingly, despite our best efforts to do so, we may not achieve or maintain profitability, and we may incur further significant losses in the future.

Any potential repeal of, changes to, or judicial challenges to the ACA and its regulations, could materially and adversely affect our business, results of operations, and financial condition.

For the years ended December 31, 2022 and 2021, approximately 99%, and 98%, respectively, of our revenue was derived from sales of health plans subject to regulation under the ACA, primarily comprised of policies directly purchased by individuals and families and secondarily comprised of policies purchased by small employers and provided to their employees as a benefit. Consequently, changes to, or repeal of, portions or the entirety of the ACA and its regulations, as well as judicial interpretations in response to legal and other constitutional challenges, could materially and adversely affect our business and financial position, results of operations, or cash flows. Even if the ACA is not amended or repealed, elected and appointed officials could continue to propose changes and courts could render opinions, impacting the ACA, which could materially and adversely affect our business, results of operations, and financial condition.

The ACA also established significant subsidies to support the purchase of health insurance by individuals, in the form of advanced premium tax credits, or APTCs, available through Health Insurance Marketplaces. The American Rescue Plan Act (ARPA) added additional APTCs for individuals at every household income level for 2021 and 2022; those additional APTCs have been renewed for three years through 2025 under the Inflation Reduction Act of 2022. During the years ended December 31, 2022 and 2021, the direct policy premiums of approximately 85% and 73%, respectively, of our members were subsidized by APTCs. Although additional ARPA subsidies have been extended through 2025, the future elimination or reduction of APTCs or other subsidies could make such coverage unaffordable to some individuals and thereby reduce overall participation in the Health Insurance Marketplaces and our membership. These fluctuations could have a significant adverse effect on our business and future operations, and our results of operations and financial condition. Further, the lack of federal funding of cost sharing subsidies could additionally impact Health Insurance Marketplace enrollment. Such market and political dynamics may increase the risk that our Health Insurance Marketplace products will be selected by individuals who have a higher risk profile or utilization rate or lower subsidization rate than we anticipated when we established the pricing for products on Health Insurance Marketplaces, possibly leading to financial losses.

Historically, there have been significant efforts to repeal, or limit implementation of, certain provisions of the ACA. Such initiatives include repeal of the individual mandate effective in 2019, as well as easing of the regulatory restrictions placed on short-term limited duration insurance and association health plans, some or all of which may provide fewer benefits than the traditional ACA-mandated insurance benefits. The ACA has also been subject to multiple judicial challenges surrounding its constitutionality. Ongoing political volatility could mean possible changes in state and federal legislation governing Health Insurance Marketplaces. Depending on these changes, this could result in fluctuations in participation from individuals seeking insurance coverage and/or possible non-renewal of existing policies. Because we rely on the Health Insurance Marketplaces, any changes to the ACA that result in reduced membership, or other changes in healthcare law and regulation, could materially and adversely impact our business, financial condition, and results of operations.

Risks Related to the Regulatory Framework that Governs Us

Our business activities are subject to ongoing, complex, and evolving regulatory obligations, and to continued regulatory review, which result in significant additional expense and the diversion of our management's time and efforts. If we fail to comply with regulatory requirements, or are unable to meet performance standards applicable to our business, our operations could be disrupted or we may become subject to significant penalties.

We operate in a highly regulated industry and we must comply with numerous and complex state and federal laws and regulations to operate our business, including requirements to maintain or renew our regulatory approvals or obtain new regulatory approvals to sell insurance and to sell specific health plans.

The NAIC has adopted the Annual Financial Reporting Model Regulation, or the Model Audit Rule, which, where adopted by states, requires expanded governance practices, risk and solvency assessment reporting, and filing of periodic financial and operating reports. Most states have adopted these or similar measures to expand the scope of regulations relating to corporate governance and internal control activities of health maintenance organizations and insurance companies. We are also required to notify, or obtain approval from, federal and/or state regulatory authorities prior to taking various actions as a business, including making changes to our network, service offerings, and the coverage of our health plans, as well as prior to entering into relationships with certain vendors and health organizations. Delays in obtaining or failure to obtain or maintain these approvals could reduce our revenue or increase our costs. Existing or future laws and rules could also require or lead us to take other actions such as changing our business practices, and could increase our liability.

The ACA implemented certain requirements for insurers, including changes to Medicare Advantage payments, a minimum MLR provision that requires insurers to pay rebates to consumers when insurers do not meet or exceed specified annual MLR thresholds, and anti-discrimination protections on the basis of race, color, national origin, sex, age, and disability, which may impact the manner in which health insurers receiving any form of federal financial assistance design and implement their benefit packages. Further, the ACA imposes significant fees, assessments, and taxes on us and other health insurers, plans and other industry participants. Additionally, there are numerous steps federal and state regulators require for continued implementation of the ACA including the annual federal updates to implementing market regulations via the Notice of Benefit and Payment Parameters. If we fail to effectively implement or appropriately adjust our operational and strategic initiatives with respect to the implementation of health care reform, or do not do so as effectively as our competitors, our results of operations may be materially and adversely affected.

We also offer Medicare Advantage plans, which requires us to comply with a myriad of rules, regulations, and subregulatory guidance, as well as third party and publicly administered performance standards. In urbanized areas, Medicare Advantage plans must be capable of enrolling at least 5,000 beneficiaries. CMS can waive this minimum enrollment requirement for the first three years of the contract. If we fail to enroll the minimum number of beneficiaries, CMS may elect not to renew our Medicare Advantage contracts. In addition, a portion of each Medicare Advantage plan's reimbursement is tied to the plan's Star Rating, as published by CMS, with those plans receiving a rating of four (4.0) or more stars eligible for quality-based bonus payments. A plan's Star Rating affects its image in the market, and plans that achieve higher Star Ratings are able to offer enhanced benefits and market more effectively and, as a result, may have a competitive advantage over plans with lower Star Ratings. Medicare Advantage plans with Star Ratings of less than three (3.0) stars for three consecutive years are denoted as "low performing" plans on the CMS website and in the CMS "Medicare and You" handbook and CMS has the authority to terminate the Medicare Advantage contracts for such plans. For plan year 2023, our New York 3 Star rating in Part C applies to our Florida Medicare Advantage plan, and our Florida Medicare Advantage plan also earned a Part D rating of 2.5 Stars. The Star Rating system is subject to change annually by CMS, which may make it more difficult to achieve and maintain favorable Star Ratings in the future. Our health insurance subsidiaries' operating results, premium revenue, and benefit offerings will likely depend significantly on their Star Ratings, and there can be no assurances that we will be successful in achieving favorable Star Ratings or maintaining or improving our Star Ratings once achieved. We will not be offering Medicare Advantage plans for plan year 2024.

Similarly, health care accreditation entities, such as the National Committee for Quality Assurance ("NCQA"), evaluate health plans based on various criteria, including effectiveness of care and member satisfaction. Health insurers seeking accreditation from NCQA must pass a rigorous, comprehensive review, and must annually report their performance. If we fail to achieve and maintain accreditation from agencies, such as NCQA, we could lose the ability to offer our health plans on Health Insurance Marketplaces, or in certain jurisdictions, which would materially and adversely affect our results of operations, financial position, and cash flows.

In addition, in each of the markets in which we operate, we are regulated by the relevant insurance and/or health and/or human services, or other government departments that oversee the activities of insurance and/or healthcare organizations providing or arranging to provide services to Medicare Advantage members, Health Insurance Marketplace enrollees, or other beneficiaries. For example, our health insurance subsidiaries must comply with minimum statutory capital and other financial solvency requirements, such as deposit and surplus requirements, and related reporting requirements, as well as price transparency requirements that mandate publication or disclosure of information related to the pricing or costs of covered items or services. In October 2020, HHS issued a health transparency regulation which went into effect in July 2022 (the "Health Plan Transparency Rule"). The Health Plan Transparency Rule requires monthly disclosures of, among other things, detailed pricing information regarding our negotiated rates for all covered items and services with in-network providers and historical payments to, and billed charges from, out-of-network providers. Additional disclosures under the Health Plan Transparency Rule went into effect in 2023 (personalized out-of-pocket cost information and negotiated rates for specified healthcare items and services) and will be further expanded in 2024 (all items and services). In December 2020, Congress passed the No Surprises Act, which became effective on January 1, 2022, and requires health insurers to hold members harmless for out-of-network costs in certain circumstances, and requires that insurers and healthcare providers work to agree on out-of-network reimbursement, including through utilizing the independent dispute resolution process outlined in the No Surprises Act or a similar process established under applicable state law. Many states have enacted separate legislation addressing balance billing or surprise medical bills. These laws and regulations vary in their approach, resulting in different impacts on the health care system as a whole. Our health insurance subsidiaries must also comply with numerous statutes and regulations governing the sale, marketing, and administration of insurance. We have failed in the past, and we may in the future fail, to take actions mandated by federal and/or state laws or regulations with respect to changes in our health benefits, the health insurance policies for which individuals are eligible, proposed or actual premiums, and/or other aspects of individuals' health insurance coverage. Such failures may result in our having to take corrective action, including making remediation payments to our members or paying fines to regulators, may subject us to negative publicity, or may result in the inability to offer our health plans on Health Insurance Marketplaces. Given the complex nature of insurance regulation, we have in the past, and may in the future, misinterpret or misapply new laws and regulations, which could result in operational costs or financial impacts, as well as fines and penalties. Any such failures could also negatively impact our ability to service our existing +Oscar platform arrangements and enter into new arrangements.

Changes or developments in the health insurance markets in the United States, including passage and implementation of a law to create a single-payer or government-run health insurance program, could materially and adversely harm our business and operating results.

Our business is within the public and private sectors of the U.S. health insurance system, which are evolving quickly and subject to a changing regulatory environment, and our future financial performance will depend in part on growth in the market for private health insurance, as well as our ability to adapt to regulatory developments.

The healthcare regulatory landscape can change unpredictably and rapidly due to changes in political party legislative majorities or executive branch administrations at the state or federal level in the United States and could, among other things:

- require us to restructure our relationships with providers within our network;
- require us to contract with additional providers at unfavorable terms;
- require us to cover certain forms of care provided by out-of-network providers at rates or levels indicated by rule or statute;
- require us to implement changes to our healthcare services and types of coverage, including the offering of standardized plans in addition to or in lieu of non-standardized benefit plan offerings, or prevent us from innovating and implementing technology solutions;
- require us to provide healthcare coverage to a higher risk population without the opportunity to adjust our premiums;
- require us to implement costly processes and compliance infrastructure;
- require us to make changes that restrict revenue and enrollment growth;
- increase our sales, marketing, and administrative costs, including costs attributable to broker commissions;
- impose additional capital and surplus requirements, which may require us to incur additional indebtedness, sell capital stock, or access other sources of funding;
- make it more difficult to obtain regulatory approvals to operate our business or maintain existing regulatory approvals;
- prevent or delay us from entering into new service areas or product lines; and
- increase or change our liability to members in the event of malpractice by our contracted providers.

Changes and developments in the health insurance system in the United States and the states in which we operate could also reduce demand for our services and harm our business. For example, certain elected officials have introduced proposals for some form of a single public or quasi-public agency that organizes healthcare financing, but under which healthcare delivery would remain private, and certain states have proposed, and in some cases passed, legislation creating a public option for individual and small group plans.

As the regulatory and legislative environments within which we operate are evolving, we may not be able to ensure timely compliance with such changes due to limited resources. Furthermore, we may face challenges prioritizing the allocation of resources between implementing systems responsive to new legislative or regulatory requirements, focusing on growth-related operations and implementing management systems and controls related to being a public company.

In addition, changes to government policies not specifically targeted to the healthcare industry, such as a change in tax laws and the corporate tax rate, premium tax rate, or government spending cuts, could have significant impacts on our business, results of operations, financial condition and liquidity.

If we fail to comply with applicable privacy, security, and data laws, regulations and standards, including with respect to third-party service providers that utilize sensitive personal information on our behalf, or applicable consumer protection laws, our business, reputation, results of operations, financial position, and cash flows could be materially and adversely affected.

As part of our normal operations, we collect, receive, use, maintain, handle, transmit, process, and retain, which collectively in this risk factor we refer to as “Process” or “Processing,” personal, medical, sensitive and other confidential information about individuals. We are subject to various federal and state laws and rules regarding the Processing of confidential information about individuals. These laws and regulations include, among others, the Health Insurance Portability and Accountability Act of 1996, as amended by the Health Information Technology for Economic and Clinical Health Act of 2009 (together “HIPAA”), the California Consumer Privacy Act of 2018 (“CCPA”) and the California Privacy Rights Act of 2023 (“CPRA”).

HIPAA imposes privacy, security and breach notification obligations on “covered entities,” including certain healthcare providers, health plans and healthcare clearinghouses, and their respective “business associates” that Process individually identifiable health information for or on behalf of a covered entity, as well as their covered subcontractors with respect to safeguarding the privacy, security and transmission of individually identifiable health information. HIPAA requires covered entities and business associates to develop and maintain policies and procedures with respect to the protection of, use and disclosure of protected health information (“PHI”), and to implement administrative, physical, and technical safeguards to protect PHI, including PHI Processed in electronic form, and to adhere to certain notification requirements in the event of a breach of unsecured PHI.

Additionally, under HIPAA, health insurers and other covered entities are also required to report breaches of PHI to affected individuals without unreasonable delay, not to exceed 60 days following discovery of the breach by a covered entity or its agents. Notification also must be made to the HHS-Office for Civil Rights and prominent media outlets in any states where 500 or more people are impacted by the breach. Ongoing review and oversight of these measures involves significant time, effort, and expense.

Entities that are found to be in violation of HIPAA as the result of a breach of unsecured PHI or following a complaint about privacy practices or an audit by the HHS, may be subject to significant civil, criminal and administrative fines and penalties and/or additional reporting and oversight obligations if required to enter into a resolution agreement and corrective action plan with HHS to settle allegations of HIPAA non-compliance. HIPAA also authorizes state Attorneys General to file suit on behalf of their residents. Courts may award damages, costs and attorneys’ fees related to violations of HIPAA in such cases. While HIPAA does not create a private right of action allowing individuals to sue us in civil court for violations of HIPAA, its standards have been used as the basis for duty of care in state civil suits such as those for negligence or recklessness in the misuse or breach of PHI.

In addition, we are subject to the CCPA, which became effective as of January 1, 2020. The CCPA gives California residents expanded rights to access and require deletion of their personal information, opt out of certain personal information sharing, and receive detailed information about how their personal information is used. The CCPA also provides for civil penalties for violations, as well as a private right of action for data breaches that may increase data breach litigation. Additionally the CPRA was passed in November 2020. Effective starting on January 1, 2023, the CPRA imposes additional obligations on companies covered by the legislation and will significantly modify the CCPA, including by expanding consumers’ rights with respect to certain sensitive personal information. The CPRA also creates a new state agency that will be vested with authority to implement and enforce the CCPA and the CPRA. The effects of the CCPA and the CPRA are potentially significant and may require us to modify our data collection or processing practices and policies and to incur substantial costs and expenses in an effort to comply and increase our potential exposure to regulatory enforcement and/or litigation.

The CCPA and CPRA contain exemptions to which our business is subject, such as for medical information governed by the California Confidentiality of Medical Information Act, and for PHI collected by a covered entity or business associate governed by the privacy, security, and breach notification rule established pursuant to HIPAA; however, information we hold about individual residents of California that is not subject to such exceptions (or another applicable exception) would be subject to the CCPA and CPRA.

Certain other state laws also regulate issues related to consumer privacy, security and use of personal and medical information; additional states have enacted legislation similar to the CCPA and CPRA that provides consumers with new privacy rights and increases the privacy and security obligations of entities handling certain personal information of such consumers. For example, laws similar to the CCPA and CPRA have passed in Virginia, Connecticut, Texas, and Colorado, and have been proposed in other states and at the federal level, reflecting a trend toward more stringent privacy legislation in the United States. Such legislation may add additional complexity, variation in requirements, restrictions and potential legal risk, require additional investment of resources in compliance programs, impact strategies and the availability of previously useful data and could result in increased compliance costs and/or changes in business practices and policies.

We are also subject to other laws, regulations and industry standards that govern our business practices, including the Telephone Consumer Protection Act (“TCPA”), which restricts the use of automated tools and technologies to communicate with wireless telephone subscribers or communications services consumers generally, the CAN-SPAM Act, which regulates the transmission of marketing emails, and the Payment Card Industry (“PCI”) Data Security Standard, which is a multifaceted security standard that is designed to protect credit card account data as mandated by PCI entities. We may become subject to claims that we have violated these laws and standards, based on our or our vendors’ past, present, or future Processing business practices, which could have an adverse impact on our business and reputation, subject us to fines and/or require us to change our business practices.

The regulatory framework governing the Processing of certain information, particularly financial and other personal information, is rapidly evolving and is likely to continue to be subject to uncertainty and varying interpretations, including in the context of artificial intelligence where regulators are applying existing frameworks to new technology and innovation. It is possible that these laws, regulations and standards may be interpreted and applied in a manner that is inconsistent with our existing data management practices or the features of our services and platform capabilities. We may face challenges in addressing current and evolving requirements and making necessary changes to our policies and practices, and may incur significant costs and expenses in our effort to do so. Any failure or perceived failure by us, or any third parties with which we do business, to comply with our posted privacy policies, changing consumer expectations, evolving laws, rules and regulations, industry standards, or contractual obligations to which we or such third parties are or may become subject, may result in actions or other claims against us by governmental entities or private actors, the expenditure of substantial costs, time and other resources or the incurrence of significant fines, penalties or other liabilities. In addition, any such action, particularly to the extent we were found to be guilty of violations or otherwise liable for damages, would damage our reputation and adversely affect our business, financial condition and results of operations.

As we expand our customer base and enter into +Oscar platform arrangements, we may become subject to an increasingly complex array of data privacy and security laws and regulations, further increasing our cost of compliance and doing business. Differing laws in each jurisdiction in which we do business and changes to existing laws and regulations may also impair our ability to offer our existing or planned features, products and services and increase our cost of doing business.

We are subject to extensive fraud, waste, and abuse laws that may require us to take remedial measures or give rise to lawsuits and claims against us, the outcome of which may have a material adverse effect on our business, financial condition, cash flows, or results of operations.

Because we receive payments from federal governmental agencies, we are subject to various laws commonly referred to as “fraud, waste, and abuse” laws, including the federal Anti-Kickback Statute, the federal Physician Self-Referral Law (“Stark Law”), and the False Claims Act (“FCA”). These laws permit the Department of Justice (“DOJ”), the HHS Office of Inspector General (“HHS-OIG”), CMS, and other enforcement authorities to institute a claim, action, investigation, or other proceeding against us for violations and, depending on the facts and circumstances, to seek treble damages, criminal and civil fines, penalties, and assessments. Violations of these laws can also result in exclusion, debarment, temporary or permanent suspension from participation in government healthcare programs, the institution of corporate integrity agreements (“CIAs”), and/or other heightened monitoring of our operations. Liability under such statutes and regulations may arise, among other things, if we knew, or it is determined that we should have known, that information we provided to form the basis for a claim for government payment was false or fraudulent, or that we were out of compliance with program requirements considered material to the government’s payment decision.

Fraud, waste and abuse prohibitions encompass a wide range of activities, including, but not limited to, kickbacks or other inducements for referral of members or for the coverage of products (such as prescription drugs) by a plan, billing for unnecessary medical services by a healthcare provider, payments made to excluded providers, and improper marketing and beneficiary inducements. The DOJ and the HHS-OIG have continuously increased their scrutiny of healthcare payors and providers, and Medicare Advantage insurers, under the FCA, in particular, which has led to a number of investigations, prosecutions, convictions, and settlements in the healthcare industry. In particular, there has recently been increased scrutiny by the government on health insurers’ diagnosis coding and risk adjustment practices, particularly for Medicare Advantage plans. In some proceedings involving Medicare Advantage plans, there have been allegations that certain financial arrangements with providers violate other laws governing fraud and abuse, such as the federal Anti-Kickback Statute. We expect this trend to continue. In addition, under applicable regulatory requirements and our policies, we must take appropriate measures to determine whether there is credible evidence that any of our members, particularly those who receive federal subsidies, were enrolled by brokers without their authorization. In such cases, we conduct certain outreach procedures under our policies and refer instances of potentially unauthorized enrollment to the appropriate authorities for potential rescission, which may also entail retroactive adjustment of membership numbers. Our failure to take appropriate measures to refer cases of fraud, waste and abuse to the relevant authorities when we are required to do so may subject us to corrective actions, including regulatory enforcement, fines and penalties, adverse publicity and other effects that could materially harm our business.

Health insurers are required to maintain compliance programs to prevent, detect and remediate fraud, waste, and abuse, and are often the subject of fraud, waste, and abuse investigations and audits.

We are periodically subject to government audits, including CMS Risk Adjustment Data Valuation (“RADV”) audits of our ACA and Medicare Advantage Plans to validate diagnostic data, patient claims and financial reporting, and audits of our Medicare Part D plans by the Medicare Part D Recovery Audit Contractor (“RAC”) programs authorized by the ACA. These audits could result in significant adjustments in payments made to our health plans, which could adversely affect our financial condition and results of operations. If we fail to report and correct errors discovered through our own auditing procedures or during a RADV or RAC audit, or otherwise fail to comply with applicable laws and regulations, we could be subject to fines, civil penalties or other sanctions which could have a material adverse effect on our ability to participate in these programs, and on our financial condition, cash flows and results of operations. On November 24, 2020, CMS issued a final rule that amends the RADV program by: (i) revising the methodology for error rate calculations beginning with the 2019 benefit year; and (ii) changing the way CMS applies RADV results to risk adjustment transfers beginning with the 2020 benefit year. According to CMS, these changes are designed to give insurers more stability and predictability with respect to the RADV program and promote fairness in how health insurers receive adjustments. On March 31, 2023, CMS issued its final 2024 Medicare Advantage Rate Announcement, which implements a three-year phase-in of certain changes to the methodology CMS will use to perform risk adjustment for plan years 2024 through 2026. Under the new risk adjustment model that will begin to be implemented in 2024, CMS has changed the manner by which over 2,000 diagnosis codes, across a range of disease and condition categories, are considered for purposes of patient risk scoring, with certain of these codes no longer impacting risk scoring. While the codes subject to changes represent only a fraction of the total number of conditions considered for purposes of risk adjustment, this change and any future changes to CMS’ risk adjustment methodology could impact the Medicare Advantage plan revenue. CMS has also announced a policy that payment adjustments as a result of RADV audits will not be limited to the specific MA enrollees for which errors are found but may also be extrapolated to the entire MA plan subject to a particular CMS contract. Based on a final rule issued by CMS in January 2023, although 2011 to 2017 plan years are still subject to audit, overpayments to MA plans that are identified as a result of RADV audit will only be subject to extrapolation for plan year 2018 and any subsequent plan year. In addition, CMS will not apply an adjustment factor, known as a Fee-For-Service Adjuster, in RADV audits to account for potential differences in diagnostic coding between the Medicare Advantage program and Medicare fee-for-service program. The future impact of these changes remains unclear, and CMS and HHS-OIG policies and procedures for conducting RADV audits remain subject to change. These changes and any future changes to the RADV program may ultimately impact expected transfers to or from health insurers resulting from these retrospective program adjustments.

The regulations, contractual requirements, and policies applicable to participants in government healthcare programs are complex and subject to change. Moreover, many of the laws, rules, and regulations in this area have not been well-interpreted by applicable regulatory agencies or the courts. Additionally, the significant increase in actions brought under the FCA’s “whistleblower” or “qui tam” provisions, which allow private individuals to bring actions on behalf of the government, has caused greater numbers of healthcare companies to have to defend a false claim action, pay fines, or agree to enter into a CIA to avoid being excluded from Medicare and other state and federal health care programs as a result of an investigation arising out of such action. Health plans and providers often seek to resolve these types of allegations through settlement for significant and material amounts, even when they do not acknowledge or admit liability, to avoid the uncertainty of treble damages that may be awarded in litigation proceedings. Such settlements often contain additional compliance and reporting requirements as part of a consent decree or settlement agreement, including, for example, CIAs, deferred prosecution agreements, or non-prosecution agreements. If we are subject to liability under qui tam or other actions or settlements, our business, financial condition, cash flows, or results of operations could be adversely affected.

We anticipate continued scrutiny by the HHS-OIG and the DOJ in the areas of COVID-19-related fraud, waste, and abuse, including the use of telehealth and telemedicine-based treatment, and we may be subject to audits, reviews and investigations of our COVID-19 and telehealth coverage and payment practices and arrangements by government agencies.

Risks Related to our Business

If we are unable to arrange for the delivery of quality care, and maintain good relations with the physicians, hospitals, and other providers within and outside our provider networks, or if we are unable to enter into cost-effective contracts with such providers, our profitability could be adversely affected.

Our profitability depends, in large part, upon our ability to contract at competitive prices with hospitals, physicians, and other health care providers, such that we can provide our members with access to competitive provider networks at affordable prices. Our arrangements with health care providers generally may be terminated or not renewed by either party without cause upon prior written notice. If a provider agreement were terminated, such termination could adversely impact the adequacy of our network to service our members, and may put us at risk of non-compliance with applicable federal and state laws. We cannot provide any assurance that we will be able to renew our existing contracts or enter into new contracts on a timely basis or under favorable terms enabling us to service our members profitably in the future. Health care providers within our provider networks may not properly manage the costs of services, maintain financial solvency or avoid disputes with other providers or their federal and state regulators. Any of these events could have a material adverse effect on the provision of services to our members and our operations.

In any particular market or geography, physicians and other health care providers could refuse to contract, demand higher payments, demand favorable contract terms, or take other actions that could result in higher medical costs or difficulty in meeting regulatory or accreditation requirements, among other things. In some markets and geographies, certain health care providers, particularly hospitals, physician/hospital organizations, or multi-specialty physician groups, may have significant positions or near monopolies that could result in diminished bargaining power on our part. In addition, physicians, hospitals and other health care providers may, consolidate or merge, or form or enter into accountable care organizations, clinically integrated networks, independent practice associations, practice management companies (which aggregate physician practices for administrative efficiency and marketing leverage), and other organizational structures, which may adversely impact our relationships with these providers or affect the way that we price our products and estimate our costs. Any such impacts might require us to incur costs to change our operations, place us at a competitive disadvantage, or materially and adversely affect our ability to market products or to be profitable in those areas.

The insolvency of one of our partners or providers, including providers with which we have a value-based care arrangement, could expose us to material liabilities. Providers may be unable or unwilling to pay claims they have incurred with third party providers in connection with referral services provided to our members. Depending on state law, we may be held liable for such unpaid referral claims even though the delegated provider has contractually assumed such risk, or we may opt to pay such claims even when we have no obligation to do so due to competitive pressures. Such liabilities incurred or losses suffered as a result of provider insolvency or other circumstances could have a material adverse effect on our business, financial condition, cash flows, or results of operations.

In addition, from time to time, we are subject to class action or other lawsuits by health care providers with respect to claims payment procedures, reimbursement policies, network participation, or similar matters. Regardless of whether any such lawsuits brought against us are successful or have merit, they will be time-consuming and costly, and could have an adverse impact on our reputation. As a result, under such circumstances, we may be unable to operate our business effectively.

Some providers that render services to our members are not contracted with our health insurance subsidiaries. While our health insurance subsidiaries are required to meet various federal and state requirements regarding the size and composition of our participating provider networks, we generally contract with a select subset of, and not all, systems and providers in a given area. This allows us to work more closely with high quality health care systems that engage with us using our technology. That approach, however, makes it possible that our members will receive emergency services, or other services which we are required to cover by law or by the terms of our health plans, from providers who are not contracted with our health insurance subsidiaries. This situation is more likely for our members than for members who choose a plan from a competitor of ours with a broader network. In those cases, there is no pre-established contractual understanding between the provider and our health insurance subsidiary about the amount of compensation that is due to the provider. In some states,

and under federal law for our business subject to the No Surprises Act and our Medicare Advantage business, the amount of compensation is defined by law or regulation. In certain situations, our health insurance subsidiaries are required to hold our members harmless for out-of-network costs, and to work directly with health care providers within the confines of state law or the No Surprises Act's dispute resolution process to agree on reimbursement. Reimbursement for these out-of-network costs can be significant. It is difficult to predict the amount we may have to pay to out-of-network providers. The uncertainty of the amount to pay to such providers and the possibility of subsequent adjustment of the payment could materially and adversely affect our business, financial condition, cash flows, or results of operations.

Our revenue depends on the direct policy premiums we collect from members who obtain health care services from a limited number of in-network providers, and the loss of any of these providers could result in a material reduction of our membership, which would adversely impact our revenue and operating results.

Almost all of our revenue depends on the direct policy premiums we collect from members or from the federal government on behalf of our members who obtain health care services from a limited number of providers with whom we contract. We generally manage our provider contracts on a state-by-state basis, entering into separate contracts in each state with local affiliates of a particular provider, such that no one local provider contract receives a majority of our allowed medical costs for services rendered to our members. When aggregating the payments we make to each provider through its local affiliates, AdventHealth, HCA Healthcare and University of Miami Hospital & Medical Group accounted for a total of approximately 15%, 9% and 9%, respectively, of total allowable medical costs for the three months ended September 30, 2023, and approximately 14%, 9% and 8%, respectively, of total allowable medical costs for the nine months ended September 30, 2023. Advent Health, HCA Healthcare, and Atlantic Coast Healthcare Network ("ACHN") accounted for approximately 15%, 10% and 6%, respectively, of total allowable medical costs for the year ended December 31, 2022. We believe that a majority of our revenue will continue to be derived from direct policy premiums obtained from members who receive services from a concentrated number of providers. These providers may terminate or seek to terminate their contracts with us in the future. The sudden loss of any of our providers or the renegotiation of related provider contracts could adversely impact our reputation or the breadth of access and perceived quality of our provider networks, which could result in a loss of a membership that adversely affects our revenue and operating results.

The result of risk adjustment programs may impact our revenue, add operational complexity, and introduce additional uncertainties that have a material adverse effect on our results of operations, financial condition, and cash flows.

The individual, small group, and Medicare Advantage markets we serve employ risk adjustment programs that impact the revenue we recognize for our enrolled membership. As a result of the variability in the mechanics of the program itself, or of certain factors that go into the development of the risk transfers we recognize, such as risk scores, and other market-level factors where applicable, the actual amount of revenue could be materially more or less than our estimates. Consequently, our estimate of our health plans' risk scores for any period, and any resulting change in our accrual of revenues related thereto, could have a material adverse effect on our results of operations, financial condition, and cash flows. The data provided to CMS to determine the risk score are subject to audit by CMS even several years after the annual settlements occur. If the risk adjustment data we submit are found to incorrectly overstate the health risk of our members, we may be required to refund funds previously received by us and/or be subject to penalties or sanctions, including potential liability under the FCA, which could be significant and would reduce our revenue in the year that repayment or settlement is required. Further, if the data we provide to CMS incorrectly understates the health risk of our members, we might be underpaid for the care that we must provide to our members, which could have a negative impact on our results of operations and financial condition.

Adverse market conditions may result in our investment portfolio suffering losses or reduce our ability to meet our financing needs, which could materially and adversely affect our results of operations or liquidity.

We need liquidity to pay our operating expenses, make payments on our indebtedness, if any, and pay capital expenditures. The principal sources of our cash receipts are premiums, administrative fees, investment income, proceeds from borrowings and proceeds from the issuance of capital stock.

We maintain a significant investment portfolio of cash equivalents and primarily short-term investments in a variety of securities, which are subject to general credit, liquidity, market, and interest rate risks and will decline in value if interest rates decrease or one of the issuers' credit ratings is reduced. As a result, we may experience a reduction in value or loss of our investments, which could have a materially adverse effect on our results of operations, liquidity, and financial condition.

In addition, during periods of increased volatility, such as the current macroeconomic environment, adverse securities and credit markets, including due to rising interest rates, may exert downward pressure on the availability of liquidity and credit capacity for certain issuers. Further, our Revolving Credit Facility expires in February 2024 and our access to additional financing will depend on a variety of factors such as market conditions, including recessionary factors, the general availability of credit, the volume of trading activities, the availability of credit to our industry, our credit ratings and credit capacity, as well as the possibility that customers or lenders could develop a negative perception of our long- or short-term financial prospects. Similarly, our access to funds may be impaired if regulatory authorities or rating agencies take negative actions against us. If one or a combination of these factors were to occur, our internal sources of liquidity may prove to be insufficient and, in such case, we may not be able to successfully obtain additional financing on favorable terms, or at all.

If state regulators do not approve payments of dividends and distributions by our health insurance subsidiaries to us, or do not approve other capital efficiency structures we may pursue, we may not have sufficient funds to implement our business strategy.

As we operate as one or more holding companies and we principally generate revenue through our health insurance subsidiaries, we are regulated under state insurance holding company laws. When our subsidiaries are profitable or if our current levels of reserves and capital are excessive, we may make requests for dividends and distributions from our subsidiaries to fund our operations. In addition to state corporate law limitations, these subsidiaries are subject to more stringent laws, regulations and consent orders that may restrict the ability to pay or limit the amount of dividends and distributions that can be paid to us without prior approval of, or notification to, state regulators, including mandatory statutory capital and surplus requirements. As and to the extent we become profitable, we may increasingly rely on distributions from our subsidiaries, and if regulators were to deny our subsidiaries' requests to pay dividends, the funds available to us would be limited, which could harm our ability to implement our business strategy.

In addition, we may from time to time pursue structures to enable a more efficient use of the capital in our insurance subsidiaries, including risk pooling, affiliate reinsurance, entity consolidation, or entity stacking. Any such structure would require regulatory approval, and if regulators were to deny our requests, our ability to implement our business strategy would be harmed. Furthermore we have, and we may in the future, enter into tax allocation agreements between our Parent and our insurance subsidiaries, which agreements require regulatory approval, and there is no guarantee that Parent will be able to obtain the tax sharing payments from its subsidiaries under such agreements.

Our limited operating history makes it difficult to evaluate our current business performance, implementation of our business model, and our future prospects.

We launched our business in 2012 and have a limited operating history. Due to our limited operating history and the rapid growth we have experienced since we began operations, there is greater uncertainty in estimating our operating results, and our historical results may not be indicative of, or comparable to, our future results. In addition, we have limited data to validate key aspects of our business model, including our growth strategy. For example, as a relatively new entrant in the small group market, we have limited experience and are unable to predict whether we will be able to effectively and consistently provide solutions that are tailored to the budgets of small businesses and to the health needs of their employees. Furthermore, as a relatively new entrant in the third party services market, we have experienced certain operational challenges implementing our +Oscar arrangements, and a +Oscar client terminated its +Oscar arrangement. We are unable to predict if we will be able to effectively and consistently service our +Oscar arrangements and any future +Oscar arrangements. We cannot provide any assurance that the data we collect will provide useful measures for evaluating our business model. Moreover, we cannot provide any assurance that partnerships or joint ventures we enter into in the future will perform as well as historical partnerships or expectations. Our inability to adequately assess our performance and growth could have a material adverse effect on our brand, reputation, business, financial condition, and results of operations.

We utilize quota share reinsurance to reduce our capital and surplus requirements and protect against downside risk on medical claims. If regulators do not approve our reinsurance agreements for this purpose, or if we cannot negotiate renewals of our quota share arrangements on acceptable terms, or at all, enter into new

agreements with reinsurers, or otherwise obtain capital through debt or equity financings, our capital position would be negatively impacted, and we could fall out of compliance with applicable regulatory requirements.

We enter into quota share reinsurance arrangements to reduce our capital and surplus requirements, which enables us to more efficiently deploy capital to finance our growth, and to obtain protection against downside risk on medical claims. Our reinsurers are entitled to a portion of our premiums, but also share financial responsibility for health care costs incurred by our members. Our decisions on claims payments are binding on the reinsurer with the exception of any payments by us that are not required to be made under the member's policy.

The amount of business ceded under our reinsurance arrangements can vary significantly from year to year. Because reinsurers are entitled to a portion of our premiums under our quota share reinsurance arrangements, changes in the amount of premiums ceded under these arrangements may directly impact our net premium and/or net income estimates. Reductions in the amount of premiums ceded under quota share reinsurance arrangements may result in an increase to our minimum capital and surplus requirements, and an increase in corresponding capital contributions made by Parent to our health insurance subsidiaries.

If our reinsurers consistently and successfully dispute our obligations to make a claim payment under a given policy, if we cannot renegotiate renewals of our quota share reinsurance arrangements on acceptable terms, if reinsurers terminate their arrangements with us, if we are unable to enter into reinsurance arrangements with other reinsurers, or if our reinsurance arrangements are not approved by any of our regulators (or if our regulators take a different view, whether prospectively or retroactively, with respect to the capital treatment of our reinsurance agreements), we may need to raise additional capital to comply with applicable regulatory requirements, which could be costly. For example, we estimate that had we not had any quota share reinsurance arrangements in place, the insurance subsidiaries would have been required to hold approximately $454.2 million of additional capital as of September 30, 2023, which Parent would have been required to fund to the extent the applicable insurance subsidiary did not have excess capital to cover the requirement. If we are not able to comply with our funding requirements, we would have to enter into a corrective action plan or cease operations in jurisdictions where we could not comply with such requirements. Termination of our reinsurance arrangements would also increase our exposure to volatility in medical claims. As a result, termination of our reinsurance arrangements through one or more of these scenarios could harm our business, results of operations, and financial condition.

While our financial reporting is based on U.S. GAAP, our ability to receive capital reserve credit for a particular state subsidiary for our reinsurance agreements is determined by Statutory Accounting Principles, which are dependent upon state-specific laws and regulations, as interpreted and applied by state insurance regulators. In some states we are required to seek approval in advance of entering into reinsurance agreements; in others we are not, which means that we may learn of regulators' concerns after the effective date of certain reinsurance agreements. From time to time, we include state-specific provisions in, or subsequently make state-specific amendments to, our reinsurance agreements to reflect capital reserve credit requirements imposed by particular state regulators, or may need to book additional reserves or liabilities to our insurance company statutory financial statements to address regulatory requirements or standards. The net economic effect of such provisions, amendments or actions may not be commercially favorable, and in some instances we have chosen, and may in the future choose, not to enter into certain types of reinsurance agreements, not to seek statutory reserve credit under certain agreements, or to terminate existing agreements rather than include provisions or make amendments required by a particular state in order to receive statutory reserve credit. As described above, any such decision or action would result in an increase in required capital in our insurance subsidiaries, which may be material.

Our reinsurance arrangements also subject us to various obligations, representations, and warranties with respect to the reinsurers. Reinsurance does not relieve us of liability as an insurer. If a reinsurer fails to meet its obligations under the reinsurance contract or if the liabilities exceed any applicable loss limit, we remain responsible for covering the claims on the reinsured policies. Additionally, our exposure under reinsurance arrangements may at times be disproportionately concentrated with a single reinsurer. Although we regularly evaluate the financial condition of reinsurers to minimize exposure to significant losses from reinsurer insolvencies, reinsurers may become financially unsound. If a reinsurer fails to meet its obligations or becomes financially unsound, we may have to cover the claims on such reinsured policies, which may be material.

We are subject to risks associated with our geographic concentration.

The states in which we operate that have the largest concentrations of revenues include Florida, Texas, Georgia and California. Due to the geographic concentration of our business, we are exposed to heightened risks of potential losses resulting from unfavorable changes in the regulatory environment for healthcare, increased competition, and other regional factors in these states, including the following:

- unforeseen changes affecting the cost of living, other benefit costs, and provider reimbursement rates;
- natural disasters and extreme weather events caused by climate change,such as a major earthquake, wildfire, heat wave or hurricane;
- the outbreak of an epidemic or pandemic, including COVID-19 and its variants or new viruses;
- a virulent influenza season;
- newly emergent mosquito-borne illnesses, such as the Zika virus, the West Nile virus, or the Chikugunya virus; and
- terrorist activity involving biological or other weapons of mass destruction.

The occurrence of any of these events could result in increased utilization or medical costs in these states or any other geographic area where our membership becomes concentrated in the future, and could therefore have a disproportionately adverse effect on our operating results. States experiencing such events may enact laws and regulations that require us to cover health care costs for members for which we would not typically be responsible, such as requiring us to relax prior authorization requirements, remove prescription drug refill limitations, and cover out-of-network care. In addition, as a result of our geographic concentration, we face heightened exposure to the other risk factors described herein to the extent such risk factors disproportionately materialize in or impact the regions in which our operations are concentrated.

We are subject to risks associated with outsourcing services and functions to third parties.

We contract with third-party vendors and service providers who provide services to us and our subsidiaries to help with our internal administrative functions, as well as third-party vendors and service providers who help us administer our products and plans. For example, Oscar delegates pharmacy claims and network management to a pharmacy benefit manager (PBM), CVS/Caremark. We also contract with Optum to provide us with access to its network of behavioral health providers and manage behavioral health benefits for us. The partial or complete loss of a vendor or other third-party relationship could cause a material disruption to our business and make it difficult and costly to provide services and products that our regulators and members expect, which could have a material adverse effect on our financial condition, cash flows, and results of operations.

Some of these third-parties have direct access to our systems in order to provide their services to us and operate the majority of our communications, network, and computer hardware and software. For example, we currently offer our products through our website and online app using platforms for cloud computing provided by Amazon Web Services, Inc. (“AWS”), a provider of cloud infrastructure services, as well as the Google Cloud Platform (“GCP”). Our operations depend on protecting the virtual cloud infrastructure hosted in AWS and GCP by maintaining its configuration, architecture, and interconnection specifications, as well as the information stored in these cloud platforms and which third-party internet service providers transmit. We also engage with other third parties, including Atlassian Corporation Plc, Appian Corporation and inContact, Inc. for our product offerings and internal operations. In the event that a service agreement with a third-party vendor that we rely upon is terminated, or there is a lapse of service, interruption of internet service provider connectivity, or damage to such facilities, we could experience interruptions in our operations and service to our members and business partners, as well as delays and additional expense in arranging new facilities and services, which could harm our business, results of operations, and financial condition.

Our arrangements with third-party vendors and service providers may make our operations vulnerable if those third parties, either directly or through their subcontractors, fail to satisfy their obligations to us, including their obligations to maintain and protect the security and confidentiality of our information and data, or the information and data relating to our members or customers. We are also at risk of a data security incident involving a vendor or third party, which could result in a breakdown of such third party's data protection processes or cyber-attackers gaining access to our infrastructure through the third party. To the extent that a vendor or third party suffers a data security incident that compromises its operations, we could incur significant costs and possible service interruption. In addition, we may have disagreements with our third-party vendors or service providers regarding relative responsibilities for any such failures or incidents under applicable business associate agreements or other applicable outsourcing agreements. Any contractual remedies and/or indemnification obligations we may have for vendor or service provider failures or incidents may not be adequate to fully compensate us for any losses suffered as a result of any vendor’s failure to satisfy its obligations to us or under applicable law. Our vendor and service provider arrangements could be adversely impacted by changes in vendors’ or service providers’ operations or financial condition, or other matters outside of our control. Violations of, or noncompliance with, laws and/or regulations governing our business or noncompliance with contract terms by third-party vendors and service providers could increase our exposure to liability to our members, providers, or other third parties, or could result in sanctions and/or fines from the regulators that oversee our business. In turn, this could increase the costs associated with the operation of our business or have an adverse impact on our business and reputation. Moreover, if these vendor and service provider relationships were terminated for any reason, we may not be able to find alternative partners in a timely manner or on acceptable financial terms, and may incur significant costs and/or experience significant disruption to our operations in connection with any such vendor or service provider transition. As aresult, we may not be able to meet the full demands of our members or customers and, in turn, our business, financial condition, and results of operations may be harmed. In addition, we may not fully realize the anticipated economic and other benefits from our outsourcing projects or other relationships we enter into with third-party vendors and service providers, as a result of unanticipated delays in transitioning our operations to the third-party vendor or service provider, such third-party vendor or service provider’s noncompliance with contract terms, unanticipated costs or expenses, or violations of laws and/or regulations, or otherwise. This could result in substantial costs or other

operational or financial problems that could have a material adverse effect on our business, financial condition, cash flows, or results of operations.

From time to time, we may become involved in costly and time-consuming litigation and regulatory audits and actions, which require significant attention from our management.

From time to time, we are a defendant in lawsuits and the subject of regulatory actions, and are subject to audits, reviews, assessments and investigations relating to our business, including, without limitation, claims by members alleging failure to provide coverage or pay for or authorize payment for health care, claims related to non-payment or insufficient payments for services by providers, including for alleged failure to properly pay in-network and out-out-network claims, claims under U.S. securities laws, claims of trademark and other intellectual property infringement, claims alleging bad faith or unfair business practices, challenges to the manner in which the Company processes claims, claims relating to sales, marketing and other business practices, inquiries regarding our submission of risk adjustment data, enforcement actions by state regulatory bodies alleging non-compliance with state law, financial and market conduct examinations by state regulatory bodies, and claims related to the imposition of new taxes, including, but not limited to, claims that may have retroactive application.

For example, on May 12, 2022, a securities class action lawsuit against the Company, certain of its directors and officers, and the underwriters that participated in the Company's initial public offering ("IPO") was commenced in the United States District Court for the Southern District of New York, captioned Carpenter v. Oscar Health, Inc., et al., Case No. 1:22-CV-03885 (S.D.N.Y.) (the “Securities Action”). The amended complaint, filed on December 6, 2022, primarily alleges that the Company failed to disclose in its IPO registration statement purportedly inadequate controls and systems in connection with the risk adjustment data validation audit for 2019, in violation of Sections 11 and 15 of the Securities Act, and that this alleged omission caused losses and damages for members of the putative class. The amended complaint seeks unspecified compensatory damages as well as interest, fees and costs.

In addition, certain of the Company’s health insurance subsidiaries have been or are currently undergoing review by state regulators, including for, among other matters, compliance with applicable laws and regulations and reviews of financial condition. We also may receive subpoenas and other requests for information from various federal and state agencies, regulatory authorities, state Attorneys General, committees, subcommittees, and members of the U.S. Congress and other state, federal, and international governmental authorities.

Due to the inherent uncertainties of litigation and regulatory proceedings, we cannot accurately predict the ultimate outcome of any such proceedings. An unfavorable outcome could have a material adverse impact on our business and financial position, results of operations, and/or cash flows, and may affect our reputation and brand. In addition, regardless of the outcome of any litigation or regulatory proceedings, investigations, audits, or reviews, responding to such matters is costly and time consuming, and requires significant attention from our management, and could, therefore, harm our business and financial position, results of operations or cash flows. Insurance may not cover such claims, may not provide sufficient payments to cover all of the costs to resolve one or more such claims, and may result in our having to pay significant fines, judgments, or settlements, which, if uninsured, or if the fines, judgments, and settlements exceed insured levels, could adversely affect our results of operations and cash flows, thereby harming our business.

The regulations and contractual requirements applicable to us and other market participants are complex and subject to change, making it necessary for us to invest significant resources in complying with our regulatory and contractual requirements. Ongoing vigorous legal enforcement and the highly technical regulatory scheme mean that our compliance efforts in this area will continue to require significant resources, and we may not always be successful in ensuring appropriate compliance by our Company, employees, consultants, or vendors, for whose compliance or lack thereof we may be held responsible and liable. Regulatory audits, investigations, and reviews could result in significant or material changes to our business practices, including increased capital requirements, and also could result in significant or material premium refunds, fines, penalties, civil liabilities, criminal liabilities, or other sanctions, including marketing and enrollment sanctions, suspension or exclusion from participation in government programs, imposition of heightened monitoring by our federal or state regulators, and suspension or loss of licensure if we are determined to be in violation of applicable laws or regulations. Any of these audits, reviews, or investigations could have a material adverse effect on our financial position, results of operations, or business, or could result in significant liabilities and negative publicity for our Company.

We rely on the experience and expertise of our Chief Executive Officer, Co-Founders, senior management team, highly-specialized technology and insurance experts, key technical employees, and other highly skilled personnel.

Our success depends upon the continued service of Mark T. Bertolini, our Chief Executive Officer and a member of our board of directors, Mario Schlosser, our Co-Founder, President of Technology and Chief Technology Officer and a member of our board of directors, and Joshua Kushner, our Co-Founder, Vice Chairman and a member of our board of directors, the other members of our senior management team, highly-specialized technology and insurance experts, and key technical employees, as well as other highly qualified personnel. We also depend upon our continuing ability to identify, hire, develop, motivate, retain, and integrate additional highly skilled personnel to support our growth. If we are unable to attract and retain qualified personnel, our business and prospects may be adversely affected.

Our Chief Executive Officer, each of our Co-Founders, other members of our senior management team, specialized technology and insurance experts, key technical personnel, and other employees could terminate their relationship with us at any time. The loss of key personnel might significantly delay or prevent the achievement of our strategic business objectives and could harm our business. In addition, much of our essential technology and infrastructure are custom-made for our business by our personnel. The loss of key technology personnel, including members of management, as well as our engineering and product development personnel, could disrupt our operations and harm our business. We also rely on a number of highly-specialized insurance experts, the loss of any one of whom could also have a disproportionate impact on our business. We face significant competition for personnel across all areas of our business, and we may not be able to replace key personnel in a timely manner or at all.

Our compensation arrangements, such as our equity award programs, may not always be successful in attracting new employees and retaining, motivating and incentivizing our existing employees. Job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. Fluctuations in the price of our Class A common stock may make it more difficult or costly to use equity compensation to hire new employees and to retain, motivate, and incentivize existing employees. For example, from the completion of our IPO through September 30, 2023, our closing stock price ranged from a high of $36.77 to a low of $2.15. As such, the underlying value of the equity awards held by our employees also fluctuates. Additionally, if and when the stock options or other equity awards are substantially vested, employees under such equity arrangements may be more likely to leave, particularly when the underlying shares have appreciated.

To attract and retain top talent, we will need to continue to offer competitive compensation and benefits packages, including equity compensation. We may also need to increase our employee compensation levels in response to competitor actions. If we are unable to retain highly qualified personnel or hire new employees quickly enough to meet our needs, or otherwise fail to effectively manage our hiring needs or successfully integrate new hires, including our recently hired management team members, our efficiency, ability to execute our growth strategy and our employee morale, productivity, and retention could suffer, which in turn could have an adverse effect on our business, results of operations, and financial condition.

If we or our partners or other third parties with whom we collaborate sustain a cyber-attack or suffer privacy or data security breaches that disrupt our information systems or operations, or result in the dissemination of sensitive personalor confidential information, we could suffer increased costs, exposure to significant liability, adverse regulatory consequences, reputational harm, loss of business, and other serious negative consequences.

Information security risks have generally increased in recent years because of the proliferation of new technologies and the increased sophistication and activities of perpetrators of cyber-attacks, as well as a result of an increase in work-from-home and hybrid work arrangements due to the COVID-19 pandemic and geopolitical events involving high cyber-risk countries. Hackers and data thieves are increasingly sophisticated and operating large-scale and complex automated attacks. Our information technology systems and safety control systems are subject to a growing number of threats from hackers and other adversaries that may be able to penetrate our network security and misappropriate our confidential member and company information or that of third parties, create system disruptions, or cause damage, security issues, or shutdowns. They also may be able to develop and deploy viruses, worms, and other malicious software programs that attack our systems or otherwise exploit security vulnerabilities. Because the techniques used to circumvent, gain access to, or sabotage security systems, can be highly sophisticated and change frequently, they often are not recognized until launched against a target, and may originate from less regulated and remote areas around the world. We may be unable to anticipate these techniques or implement adequate preventive measures, resulting in potential data loss and damage to our systems. Further, we may experience cyber-attacks and other security incidents that remain undetected for an extended period. As cyber threats continue to evolve, we may be required to expend additional resources to further enhance our information security measures, develop additional protocols and/or investigate and remediate any information security vulnerabilities.

Our systems and facilities are also subject to compromise from internal threats such as accidental or improper action by employees, including malicious insiders, or by vendors, counterparties, and other third parties with otherwise legitimate access to our systems. Our policies, employee training (including security and privacy awareness training), procedures, and technical safeguards may not prevent all improper access to our network or proprietary or confidential information by employees, vendors, counterparties, or other third parties. Our systems and facilities are also vulnerable to security incidents or security attacks, ransomware attacks, malware, or other forms of cyber-attack, acts of vandalism or theft, misplaced or lost data, human errors, or other similar events that could negatively affect our systems, and our and our members' data. In the past, we have experienced, and third-party service providers who process information on our behalf have experienced, and disclosed to applicable regulatory authorities, data breaches resulting in disclosure of confidential information or PHI. Although none of these data breaches have resulted in any material financial loss or penalty to date, future data breaches could require us to expend significant resources to remediate any damage, interrupt our operations and damage our reputation, subject us to state or federal agency review and could also result in regulatory enforcement actions, material fines and penalties, litigation or other actions which could have a material adverse effect on our business, reputation and results of operations, financial position, and cash flows. Additionally, our third-party service providers who process information on our behalf may cause security breaches for which we are potentially liable.

Moreover, we face the ongoing challenge of managing access controls in a complex environment. The process of enhancing our protective measures can itself create a risk of systems disruptions and security issues. Given the breadth of our operations, including through our +Oscar technology platform, and the increasing sophistication of cyber-attacks, a particular incident could occur and persist for an extended period of time before being detected. The extent of a particular cyber-attack and the steps that we may need to take to investigate the attack may take a significant amount of time and resources before such an investigation could be completed and full and reliable information about the incident is known. During such time, the extent of any harm or how best to remediate it might not be known, which could further increase the risks, costs, and consequences of a data security incident.

In addition, our systems must be routinely updated, patched, and upgraded to protect against known vulnerabilities. The volume of new software vulnerabilities has increased substantially, as has the importance of patches and other remedial measures. In addition to remediating newly identified vulnerabilities, previously identified vulnerabilities must also be updated. We are at risk that cyber-attackers exploit these known vulnerabilities before they have been addressed. The complexity of our systems and platforms, the increased frequency at which vendors are issuing security patches to their products, our need to test patches, and, in some instances, coordinate with third-parties before they can be deployed, all could further increase our risks.

As part of our normal operations, we and our partners and other third parties with whom we collaborate routinely collect, process, store, and transmit large amounts of data, including PHI subject to HIPAA and other federal and state laws and regulations, as well as proprietary or confidential information relating to our business or third parties, including our members, providers, and vendors. Any compromise or perceived compromise of the security of our systems or the systems of one or more of our vendors or service providers could damage our reputation and brand, cause the termination of relationships with our members, result in disruption or interruption to our business operations, marketing partners and carriers, reduce demand for our services, and subject us to significant liability and expense, as well as regulatory action and lawsuits, which would harm our business, operating results, and financial condition. The CCPA, in particular, includes a private right of action for California consumers whose CCPA-covered personal information is impacted by a data security incident resulting from a company's failure to maintain reasonable security procedures and, hence, may result in civil litigation in the event of a data breach impacting such information. Although we maintain insurance covering certain security and privacy damages and claim expenses, we may not carry insurance or maintain coverage sufficient to compensate for all liability and, in any event, insurance coverage would not address the reputational damage that could result from a security incident or any regulatory actions or litigation that may result.

If we are unable to integrate and manage our information systems effectively, our operations could be disrupted.

Our operations depend significantly on effective information systems. The information gathered and processed by our information systems assists us in, among other things, generating forecasts used for strategic decisions and pricing, monitoring utilization and other cost factors, processing provider claims, detecting fraud, and providing data to our regulators. Our healthcare providers also depend upon our information systems for membership verifications, claims status, and other information. We partner with third parties, including Amazon, Appian, Atlassian, inContact, and Google, to support our information technology systems. Our information systems and applications require continual maintenance, upgrading, and enhancement to meet our current and expected operational needs and regulatory requirements. If we underestimate the need to expand or experience difficulties with the transition to or from information systems or do not appropriately plan, integrate, maintain, enhance, or expand our information systems, we could suffer, among other things,

operational disruptions, loss of existing members and difficulty in attracting new members, regulatory enforcement, and increases in administrative expenses. For example, we are currently migrating our claims system to another internally developed platform, and there is no guarantee that such migration will be completed on time, and if we do not effectively manage this migration, it could result in operational challenges and expenses, member and provider claims, and regulatory fines and penalties. In addition, if our providers, brokers and members do not utilize the technology we deploy to them, we may not be able to efficiently and cost-effectively operate our business. Our ability to integrate and manage our information systems may also be impaired as the result of events outside our control, including acts of nature, such as earthquakes or fires, or acts of terrorism. Also, we may from time to time obtain significant portions of our systems-related or other services or facilities from independent third parties, which may make our operations vulnerable if such third parties discontinue such services or fail to perform adequately.

Real or perceived errors, failures, vulnerabilities, or bugs in our systems, website, or app could impair our operations, damage our reputation and brand, and harm our business and operating results.

Our continued success is dependent on our systems, applications, and software continuing to operate and to meet the changing needs of our members and users. We rely on our technology and engineering staff and vendors to successfully implement changes to, and maintain, our systems and services in an efficient and secure manner. Like all information systems and technology, our website and online app may contain material errors, failures, vulnerabilities, or bugs, particularly when new features or capabilities are released, any of which could lead to interruptions, delays, or website or online app shutdowns, or could cause loss of critical data, or the unauthorized disclosure, access, acquisition, alteration or use of personal or other confidential information.

A significant impact on the performance, reliability, security, and availability of our systems, software, or services may harm our reputation and brand, impair our ability to operate, retain existing members, or attract new members, and expose us to legal claims and government action, each of which could have a material adverse impact on our financial condition, results of operations, and growth prospects.

We are subject to risks associated with public health crises arising from large-scale medical emergencies, pandemics, natural disasters and other extreme events, which have had, and could in the future have, an adverse effect on our business, results of operations, financial condition and financial performance.

Large-scale medical emergencies, pandemics (such as COVID-19) and other extreme events could result in public health crises or otherwise have a material adverse effect on our business operations, cash flows, financial conditions and results of operations. For example, disruptions in public and private infrastructure resulting from such events could increase our operating costs and ability to provide services to our members. Additionally, as a result of these events, the premiums and fees we charge may not be sufficient to cover our medical and administrative costs, deferred medical care could be sought in future periods at potentially higher acuity levels, we could experience reduced demand for our services, and our workforce could be impacted, resulting in reduced capacity to handle demand for care.

For example, the recent COVID-19 pandemic affected our business by increasing our costs of operation and limiting our operational flexibility, due to factors including COVID-19 testing and treatment costs, federal and state governments enacting laws and promulgating regulatory changes in response to the pandemic, and changes in population morbidity and utilization behaviors.

We also experienced uncertainties associated with the costs of COVID-19-related care, including vaccines and booster shots and their administration, for our covered population. The extent to which COVID-19 continues to impact our business will depend on future developments, which are highly uncertain and cannot be predicted with confidence.

Public health crises arising from natural disasters (such as wildfires, hurricanes, and snowstorms) or effects of climate change could impact our business operations and result in increased medical care costs. Government enaction of emergency powers in response to public health crises could disrupt our business operations, including by restricting pharmaceuticals or other supplies, and could increase the risk of shortages of necessary items or labor.

Even after a public health crisis has subsided, we may experience materially adverse impacts to our business as a result of its global economic impact. While the potential economic impact and the duration of any public health crisis, including COVID-19, may be difficult to assess or predict, such impact may have a material adverse effect on our business, results of operations, and financial condition.

We have identified a material weakness in our internal control over financial reporting. If we are unable to remediate the material weakness in a timely manner, identify additional material weaknesses in the future or otherwise fail to maintain effective internal control over financial reporting, our ability to comply with applicable laws and regulations and accurately and timely report our financial results, and our access to the capital markets, could be adversely affected.

We are a public reporting company subject to the rules and regulations established by the SEC and the NYSE. These rules and regulations require, among other things, that we establish and periodically evaluate procedures with respect to our internal control over financial reporting. Reporting obligations as a public company are likely to continue to place a considerable strain on our financial and management systems, processes, and controls, as well as on our personnel.

In addition, as a public company, we are required to document and test our internal control over financial reporting pursuant to Section 404 of the Sarbanes-Oxley Act so that our management can certify as to the effectiveness of our internal control over financial reporting. Section 404(a) of the Sarbanes-Oxley Act, or Section 404(a), requires that, beginning with our second annual report following our IPO, management assess and report annually on the effectiveness of our internal control over financial reporting, and our independent registered public accounting firm issue an annual report that addresses the effectiveness of our internal control over financial reporting.

As initially disclosed in Part II, I, Item 9A, “Controls and Procedures,” 1A, of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021, in connection with our audit of the consolidated financial statements for the year ended December 31, 2021, we identified a material weakness in our internal control over financial reporting related to information technology general controls, which continues to exist as of September 30, 2023 December 31, 2023. As a result, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2023, our disclosure controls and procedures were not effective at the reasonable assurance level. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement in a company’s annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness identified in Item 9A in our Annual Report on Form 10-K for the fiscal year ended December 31, 2021 and discussed in subsequent periodic reports did not result in any misstatement of our financial statements. We are in the process of remediating the material weakness.

We can give no assurance that our efforts will remediate the material weakness in our internal control over financial reporting, or that additional material weaknesses will not be identified in the future. We may also conclude that additional measures may be required to remediate the material weakness in our internal control over financial reporting, which may necessitate additional implementation and evaluation time. If the steps we take do not remediate the material weakness in a timely manner, or if we fail to implement and maintain effective internal control over financial reporting, there could be errors in our annual or interim consolidated financial statements that could result in a restatement of our financial statements, and could cause us to fail to meet our reporting obligations and restrict our access to capital markets, any of which could diminish investor confidence in us and cause a decline in the price of our Class A common stock.

Additionally, ineffective internal control over financial reporting could expose us to an increased risk of financial reporting fraud and the misappropriation of assets and subject us to potential delisting from the NYSE or to other regulatory investigations and civil or criminal sanctions. If we are unable to remediate the material weakness in a timely manner, or if additional material weaknesses exist or are discovered in the future, and we are unable to remediate any such material weaknesses, our reputation, results of operations and financial condition could suffer.

We make virtual health care services available to our members through Oscar Medical Group, in which we do not own any equity or voting interest, and our virtual care availability may be disrupted if our arrangements with providers like the Oscar Medical Group become subject to legal challenges.

Pursuant to state corporate practice of medicine laws, many states in which we operate through our subsidiaries limit the practice of medicine to licensed individuals or professional organizations owned by licensed individuals, and business corporations generally may not exercise control over the medical decisions of physicians. Statutes and regulations, including the interpretation and enforcement of such statutes and regulations, relating to the corporate practice of medicine, fee-splitting between physicians and referral sources, and similar issues, vary widely from state to state. We have management services agreements with four physician-owned professional corporations, known collectively as the Oscar Medical Group. Each of the professional corporations comprising the Oscar Medical Group is wholly owned by a single physician licensed in California, Florida, New York and New Jersey, who oversees the operation of the Oscar Medical Group in her capacity as president and sole director of each Oscar Medical Group professional corporation. This physician also serves as a consultant to Oscar Management Corporation. Under the terms of the management services agreements between Oscar Management Corporation and the Oscar Medical Group, the Oscar Medical Group retains sole responsibility for all medical decisions, as well as for hiring and managing physicians and other licensed health care providers, developing operating policies and procedures, and implementing professional standards and controls. Many of the laws, rules, and regulations with respect to corporate practice of medicine are ambiguous and have not been well-interpreted by applicable regulatory agencies or the courts. Moreover, changes can be made to existing laws, regulations, or interpretations, or new laws can be enacted or adopted, which could cause us to be out of compliance with these requirements. Despite the management services agreements and other arrangements we have with Oscar Medical Group, regulatory authorities and other parties may assert that we are engaged in the prohibited corporate practice of medicine, that our arrangements with Oscar Medical Group constitute unlawful fee-splitting, or that other similar issues exist. If that were to occur, we could be subject to civil and/or criminal penalties, our agreements could be found legally invalid and unenforceable (in whole or in part), or we could be required to terminate or restructure our contractual arrangements, any of which could have a material adverse effect on our results of operations, financial position, or cash flows. State corporate practice and fee-splitting prohibitions also often impose penalties on healthcare professionals for aiding in the improper rendering of professional services, which could discourage physicians and other healthcare professionals from providing clinical services that are currently available to our members.

Our health insurance subsidiaries have entered into provider participation agreements with the Oscar Medical Group that enable the Oscar Medical Group to participate in Oscar's provider network. While we expect that our relationship with the Oscar Medical Group will continue, a material change in our relationship with the Oscar Medical Group, whether resulting from a dispute among the entities or the loss of these relationships or contracts with the Oscar Medical Group, may temporarily disrupt our ability to provide virtual health care services to our members or through our +Oscar platform arrangements and could harm our business.

Significant delays in our receipt of direct policy premiums, including as a result of regulatory restrictions on policy cancellations and non-renewals or government shutdowns, could have a material adverse effect on our business, operations, cash flows, or earnings.

We currently derive substantially all of our revenue from direct policy premiums and recognize premium revenue over the period that coverage is effective. There can be no assurance that we will receive premiums in advance of or by the end of a given coverage period. Moreover, actions taken by state and federal governments could increase the likelihood of delay in our receipt of premiums. For example, in early responses to the COVID-19 pandemic, state insurance departments, including in states in which we operate, issued guidelines, recommendations, and moratoria around policy cancellations and non-renewals due to non-payment. While none of such state or federal required or recommended moratoria carried over into 2023, if such or similar measures were to be reintroduced and to remain in place for an extended period due to a resurgence of COVID-19 or for other reasons, including unanticipated public health or economic crises, our receipt of premiums, if any, could be significantly delayed, which could have a material adverse effect on our business, operations, cash flows, or earnings.

The federal government also periodically considers reducing or reallocating the amount of money it spends for Medicare. Medicare remains subject to the automatic spending reductions imposed by the Budget Control Act of 2011 and the American Taxpayer Relief Act of 2012. This includes aggregate reductions of Medicare payments to providers and reduced payments to several types of Medicare providers, which, after a temporary suspension from May 1, 2020 through March 31, 2022 under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") followed by a phased-in reintroduction of payment reductions through June 30, 2022 will remain in effect through 2032. We anticipate these and any future similar initiatives will require government agencies to find funding alternatives, which may result in reductions in funding for programs, contraction of covered benefits, and limited or no premium rate increases, or premium rate decreases.

In addition, in recent years, the U.S. government has experienced periodic shutdowns, during which time certain regulatory agencies were obliged to suspend critical activities. If a federal government shutdown, or other potential delay or change in the government appropriations or other funding authorization process, were to occur for a prolonged period of time, federal government payment obligations, including its obligations under Medicare and the Health Insurance Marketplace, may be delayed. Similarly, if state government shutdowns were to occur, state payment obligations may be delayed. If the federal or state governments fail to make payments under these programs on a timely basis, our business, operations, cash flows, or earnings may be materially affected.

Payments from government payors may be delayed in the future, which, if extended for any significant period of time, could have a material adverse effect on our results of operations, financial condition, cash flows or liquidity. In addition, delays in obtaining, or failure to obtain or maintain, governmental approvals, or moratoria imposed by regulatory authorities, could adversely affect our revenues or membership, increase costs or adversely affect our ability to bring new products to market as forecasted. Other changes to our government programs could affect our willingness or ability to participate in any of these programs or otherwise have a material adverse effect on our business, operations, cash flows, or earnings.

We may not be able to utilize our net operating loss carryforwards ("NOLs"), to offset future taxable income for U.S. federal income tax purposes, which could adversely affect our cash flows.

As of December 31, 2022, we had federal income tax NOLs of $2.2 billion available to offset our future taxable income, if any, prior to consideration of annual limitations that may be imposed under Section 382 of the U.S. Internal Revenue Code of 1986, as amended (the "Code") or otherwise. Of our NOLs, approximately $1.32 billion of losses will expire between 2032 and 2042, and $839 million of losses can be carried forward indefinitely.

We may be unable to use our NOLs, as we do not have a history of positive earnings. In addition, under Section 382 of the Code, if a corporation undergoes an "ownership change" (very generally defined as a greater than 50% change, by value, in the corporation's equity ownership by certain shareholders or groups of shareholders over a rolling three-year period), the corporation's ability to use its pre-ownership change NOLs to offset its post-ownership change income may be limited. We regularly assess potential NOL limitations under Section 382, and determined that an ownership change occurred in 2016; however, the corresponding limitation amount did not impact the ultimate pre-change NOL available for use. We may experience ownership changes in the future as a result of subsequent shifts in our stock ownership, some of which may be outside of our control. If we undergo another ownership change, our ability to utilize our NOLs existing at the time of the ownership change may be limited. Future regulatory changes could also limit our ability to utilize our NOLs. To the extent we are not able to offset future taxable income with our NOLs, our cash flows may be adversely affected.

Failure to secure, protect, or enforce our intellectual property rights could harm our business, results of operations, and financial condition.

Our commercial success is dependent in part on protecting our core technologies, intellectual property assets, and proprietary rights (such as source code, information, data, processes, and other forms of information, know-how, and technology). We rely on a combination of copyrights, trademarks, service marks, trade secret laws, and contractual restrictions to establish and protect our intellectual property. However, there are steps that we have not yet taken to protect our intellectual property on a global basis. For example, we do not have any patents, which limits our ability to deter patent infringement claims by competitors and other third parties who may hold or obtain patents. Additionally, the steps that we have already taken to protect our intellectual property may not be sufficient or effective, and our confidentiality, non-disclosure, or invention assignment agreements with employees, consultants, partners, or other parties may be breached and may otherwise not be effective in establishing our rights in intellectual property and in controlling access to our proprietary information. Even if we do detect violations, we may need to engage in litigation to enforce our rights.

We currently hold various domain names relating to our brand, including HiOscar.com. We also engage a third-party vendor to monitor fictitious sites that may purport to be us. Failure to protect our domain names could adversely affect our reputation and brand, and make it more difficult for users to find our website and our online app. We may be unable, without significant cost or at all, to prevent third parties from diverting traffic from or acquiring domain names that are similar to, infringe upon, or otherwise decrease the value of our trademarks and other proprietary rights.

While we take precautions designed to protect our intellectual property, it may still be possible for competitors and other unauthorized third parties to copy our technology and use our proprietary brand, content, and information to create or enhance competing solutions and products, which could adversely affect our competitive position in our rapidly evolving and highly competitive industry. Some license provisions that protect against unauthorized use, copying, decompiling, transfer, and disclosure of our technology may be unenforceable under the laws of certain jurisdictions and foreign countries, and the remedies for such events may not be sufficient to compensate for such breaches. We enter into confidentiality and invention assignment agreements with our employees and consultants, and enter into confidentiality agreements with our third-party providers and strategic partners. We cannot assure you that these agreements will be effective in controlling access to, and use and distribution of, our platform and proprietary information. Further, these agreements do not prevent our competitors from independently developing technologies that are substantially equivalent or superior to our offerings. Such arrangements may limit our ability to protect, maintain, enforce, or commercialize such intellectual property rights. If we are unable to prevent the unauthorized use or exploitation of our intellectual property, the value of our brand, content, and other intangible assets may be diminished, competitors may be able to more effectively mimic our service and methods of operations, the perception of our business and service to members, and potential members, may become confused, and our ability to attract customers may be adversely affected. Any inability or failure to protect our intellectual property could adversely impact our business, results of operations, and financial condition.

We have filed, and may in the future file, applications to protect certain of our innovations and intellectual property. We do not know whether any of our applications will result in the issuance of a patent, trademark, or copyright, as applicable, or whether the examination process will require us to narrow our claims. In addition, we may not receive competitive advantages from the rights granted under our intellectual property. Our existing intellectual property, and any intellectual property granted to us, or that we otherwise acquire in the future, may be contested, circumvented, or invalidated, and we may not be able to detect or prevent third parties from infringing our rights to our intellectual property. Therefore, the exact effect of the protection of this intellectual property cannot be predicted with certainty. In addition, given the costs, effort, and risks of obtaining patent protection, including the requirement to ultimately disclose the invention to the public, we may choose not to seek patent protection for certain innovations. Any failure to adequately obtain such patent protection, or other intellectual property protection, could later prove to adversely impact our business.

We may be required to spend significant resources in order to monitor, protect, and defend our intellectual property rights, and some violations may be difficult or impossible to detect. Litigation to protect and enforce our intellectual property rights could be costly, time-consuming, and distracting to management, and could result in the impairment or loss of portions of our intellectual property. Our efforts to enforce our intellectual property rights may be met with defenses, counterclaims, and countersuits attacking the validity and enforceability of our intellectual property rights. Our inability to protect our proprietary technology against unauthorized copying or use, as well as any costly litigation or diversion of our management's attention and resources, could impair the functionality of our platform, delay introductions of enhancements to our platform, result in our substituting inferior or more costly technologies into our platform, or harm our reputation or brand. In addition, we may be required to license additional technology from third parties to develop and market new offerings or platform features, which may not be on commercially reasonable terms, or at all, and could adversely affect our ability to compete or require us to rebrand or otherwise modify our offerings, which could further exhaust our resources. Furthermore, we may also be obligated to indemnify our members or business partners in connection with any such litigation and to obtain licenses.

Increasing scrutiny and changing expectations with respect to environmental, social and governance ("ESG") matters may impose additional costs on us, impact our access to capital, or expose us to new or additional risks.

Increased focus, including from regulators, investors, employees and clients, on ESG matters may result in increased costs (including but not limited to increased costs related to compliance and stakeholder engagement), impact our reputation, or otherwise affect our business performance. Negative public perception, adverse publicity or negative comments in social media could damage our reputation or harm our relationships with regulators, employees or our customers, if we do not, or are not perceived to, adequately address these issues, including if we fail to demonstrate progress towards any current or future ESG goals. Any harm to our reputation could negatively impact employee engagement and retention and the willingness of customers to do business with us. At the same time, various stakeholders may have divergent views on ESG matters. This divergence increases the risk that any action or lack thereof with respect to ESG matters will be perceived negatively by at least some stakeholders and adversely impact our reputation and business.

It is possible that stakeholders may not be satisfied with our ESG practices or the speed of their adoption. At the same time, certain stakeholders might not be satisfied if we adopt ESG practices at all. Actual or perceived shortcomings with respect to our ESG practices and reporting could negatively impact our business. We could also incur additional costs and require additional resources to monitor, report, and comply with various ESG practices.

In addition, a variety of organizations have developed ratings to measure the performance of companies on ESG topics, and the results of some of these assessments are widely publicized. Such ratings are used by some investors to inform their investment and voting decisions. In addition, many investors have created their own proprietary ratings that inform their investment and voting decisions. Unfavorable ratings of our company or our industry, as well as omission of inclusion of our stock into ESG-oriented investment funds, may lead to negative investor sentiment and the diversion of investment to other companies or industries, which could have a negative impact on our stock price and our access to and cost of capital.

We may face risks associated with our utilization of certain artificial intelligence and machine learning models.

Our business currently utilizes artificial intelligence and machine learning technologies offered by third parties to drive efficiencies in our business, including by deploying use cases that are designed to streamline administrative processes, enhance decision making capabilities and improve the experience for our members and providers. We expect to continue utilizing these technologies in the future. As with many technological innovations, artificial intelligence presents risks and challenges that could affect its adoption, and therefore our business and reputation. If these artificial intelligence or machine learning models are incorrectly designed, the performance of our products, services, and business, as well as our reputation, could suffer or we could incur liability through the violation of laws, or contracts to which we are a party.

Additionally, we are making, and plan to make in the future, investments in adopting artificial intelligence and machine learning technologies across our business, including our plan to integrate large language models across our technology stack. Artificial intelligence and machine learning technologies are complex and rapidly evolving, and we face significant competition from other companies in our industry as well as an evolving regulatory landscape. These efforts, including the introduction of new products or changes to existing products, may result in new or enhanced governmental or regulatory scrutiny, litigation, ethical concerns, or other complications that could adversely affect our business, reputation, or financial results. Changes to existing regulations, their interpretation or implementation or new regulations could impede our use of artificial intelligence and machine learning technology and also may increase the burden and cost of research and development in this area. In addition, market acceptance of artificial intelligence and machine learning technologies is uncertain, and we may be unsuccessful in our product development efforts or suffer reputational harm. Any of these factors could adversely affect our business, financial condition, and results of operations.

Risks Related to our Indebtedness

Restrictions imposed by our Revolving Credit Facility may materially limit our ability to operate our business and finance our future operations or capital needs.

The terms of our senior secured credit agreement with Wells Fargo Bank, National Association, as administrative agent, and certain other lenders for the Revolving Credit Facility in the aggregate principal amount of $200 million, may restrict us and our subsidiaries from engaging in specified types of transactions. These covenants, subject to certain limitations and exceptions, restrict our ability, and that of our subsidiaries, to, among other things:

- incur indebtedness;
- incur certain liens;
- enter into sale and lease-back transactions;
- make investments, loans, advances, guarantees and acquisitions;
- consolidate, merge or sell or otherwise dispose of assets;
- pay dividends or make other distributions on equity interests, or redeem, repurchase or retire equity interests;
- enter into transactions with affiliates;
- alter the business conducted by us and our subsidiaries; and
- change our or their fiscal year.

A breach of any of these covenants, or any other covenant in the documents governing our Revolving Credit Facility, could result in a default or event of default under our Revolving Credit Facility. In the event of any event of default under our Revolving Credit Facility, the applicable lenders or agents could elect to terminate borrowing commitments and declare all borrowings and loans outstanding thereunder, if any, together with accrued and unpaid interest and any fees and other obligations, to be immediately due and payable. In addition, or in the alternative, the applicable lenders or agents could exercise their rights under the security documents entered into in connection with our Revolving Credit Facility. We pledged substantially all of our assets as collateral securing our Revolving Credit Facility and any such exercise of remedies on any material portion of such collateral would likely materially adversely affect our business, financial condition or results of operations.

If we were unable to repay or otherwise refinance these borrowings and loans when due, and the applicable lenders proceeded against the collateral granted to them to secure that indebtedness, we may be forced into bankruptcy or liquidation. In the event the applicable lenders accelerate the repayment of any future borrowings, we may not have sufficient assets to repay that indebtedness. Any acceleration of future borrowings under our Revolving Credit Facility or other outstanding indebtedness would also likely have a material adverse effect on us.

Pursuant to our Revolving Credit Facility, we are required to comply with certain financial covenants including (i) receiving specified levels of direct policy premiums (as defined in the Revolving Credit Facility) for each fiscal quarter, (ii) maintaining a minimum liquidity (as defined in the Revolving Credit Facility) of $150 million (or $200 million if the liquidity decreased by a specified amount over the prior six month period) as of the last day of each quarter, and (iii) not exceeding a maximum combined ratio. Our ability to borrow under our Revolving Credit Facility depends on our compliance with these financial covenants. Events beyond our control, including changes in general economic and business conditions, may affect our ability to satisfy the financial covenants. We cannot assure you that we will satisfy the financial covenants in the future, or that our lenders will waive any failure to satisfy the financial covenants.

Our debt obligations contain restrictions that impact our business and expose us to risks that could materially adversely affect our liquidity and financial condition.

As of September 30, 2023, we had outstanding indebtedness due to our issuance in February 2022 of $305.0 million in aggregate principal amount of convertible senior notes due 2031 (the “2031 Notes”) in a private placement. We may incur additional indebtedness in the future, including borrowings under the Revolving Credit Facility. Such indebtedness, including borrowings, if any, under the Revolving Credit Facility, could have significant effects on our business, such as:

- limiting our ability to borrow additional amounts to fund capital expenditures, acquisitions, debt service requirements, execution of our growth strategy and other purposes;
- limiting our ability to make investments, including acquisitions, loans and advances, and to sell, transfer or otherwise dispose of assets;
- requiring us to dedicate a substantial portion of our cash flow from operations to pay principal and interest on our borrowings, which would reduce availability of our cash flow to fund working capital, capital expenditures, acquisitions, execution of our growth strategy and other general corporate purposes;
- making us more vulnerable to adverse changes in general economic, industry and competitive conditions, in government regulation and in our business by limiting our ability to plan for and react to changing conditions;
- placing us at a competitive disadvantage compared with our competitors that have less debt; and
- exposing us to risks inherent in interest rate fluctuations because our borrowings are at variable rates of interest, which could result in higher interest expense in the event of increases in interest rates.

Our ability to make scheduled payments of the principal of, to pay interest on or to refinance our indebtedness, including the 2031 Notes, depends on our future performance, which is subject to economic, financial, competitive and other factors beyond our control. If the assumptions underlying our cash flow projections are incorrect we may not be able to generate sufficient cash flow from our operations to repay our existing or future indebtedness when it becomes due and to meet our other cash needs. If we are unable to generate such cash flow, we will be required to pursue one or more alternative strategies, such as selling assets, refinancing or restructuring our indebtedness or selling additional debt or equity securities. In addition to the restrictions imposed by our Revolving Credit Facility, the Investment Agreement that we entered into in connection with our issuance of the 2031 Notes contains covenants, which, subject to certain conditions, limitations and exceptions, restrict our ability to refinance our indebtedness and incur additional indebtedness. If we fail to comply with these covenants or to make payments under our indebtedness when due, then we would be in default under that indebtedness, which could, in turn, result in our other indebtedness becoming immediately payable in full. Due to such restrictions or other factors, we may not be able to refinance our debt or sell additional debt or equity securities or our assets on favorable terms, if at all, and if we must sell our assets, it may negatively affect our business, financial condition and results of operations. In addition, we may be subject to prepayment penalties depending on when we repay our future indebtedness, including any borrowings under the Revolving Credit Facility, which amounts could be material.

We may be unable to raise the funds necessary to repurchase our outstanding 2031 Notes for cash following a fundamental change or on the optional repurchase dates, or to pay any cash amounts due upon conversion, and our other indebtedness may limit our ability to repurchase the 2031 Notes or pay cash upon their conversion.

Noteholders may, subject to certain conditions described in the Indenture governing the 2031 Notes, require us to repurchase their 2031 Notes following a fundamental change at a cash repurchase price generally equal to the principal amount of the 2031 Notes to be repurchased, plus accrued and unpaid interest, if any. Additionally, pursuant to the Investment Agreement, after the fifth anniversary of the Closing Date of the 2031 Notes, the initial holders of the 2031 Notes have the right to require us to repurchase all of their 2031 Notes for cash, on each of June 30, 2027, June 30, 2028, June 30, 2029 and June 30, 2030 (each, a “Repurchase Date”); provided that, among other conditions, a repurchase notice is delivered to the trustee under the Indenture no later than the later of (i) 120 days prior to the applicable Repurchase Date and (ii) 10 business days following the date on which we file our Annual Report on Form 10-K for the prior year. Furthermore, upon conversion, we will satisfy part or all of our conversion obligation in cash unless we elect to settle conversions solely in shares of our common stock. We may not have enough available cash or be able to obtain financing at the time we are required to repurchase the 2031 Notes or pay any cash amounts due upon conversion. In addition, applicable law, regulatory authorities and the agreements governing our other indebtedness may restrict our ability to repurchase the 2031 Notes or pay any cash amounts due upon conversion. Our failure to repurchase the 2031 Notes or pay any cash amounts due upon conversion when required will constitute a default under the Indenture. A default under the Indenture or the fundamental change itself could also lead to a default under agreements governing our other indebtedness, which may result in that other indebtedness becoming immediately payable in full. We may not have sufficient funds to satisfy all amounts due under the other indebtedness and the 2031 Notes.

Provisions in the Revolving Credit Facility or the Indenture governing the 2031 Notes could delay or prevent an otherwise beneficial takeover of us.

Certain provisions in the Revolving Credit Facility, the 2031 Notes and the Indenture could make a third-party attempt to acquire us more difficult or expensive. For example, if a takeover constitutes a fundamental change (as defined in the Indenture governing the 2031 Notes), then noteholders will have the right to require us to repurchase their 2031 Notes for cash. In addition, if a takeover constitutes a make-whole fundamental change (as defined in the Indenture governing the 2031 Notes), then we may be required to temporarily increase the conversion rate. Further, if a takeover constitutes a change in control (as defined in the Revolving Credit Facility), such takeover would constitute an event of default under the Revolving Credit Facility. In any such case, and in other cases, our obligations under the Revolving Credit Facility, the 2031 Notes and the Indenture could increase the cost of acquiring us or otherwise discourage a third party from acquiring us or removing incumbent management, including in a transaction that noteholders or holders of our common stock may view as favorable.

Risks Related to Ownership of Our Class A Common Stock

The dual class structure of our common stock will have the effect of concentrating voting control with Thrive Capital and our Co-Founders for the foreseeable future, which will limit the ability of our other investors to influence corporate matters, including the election of directors and the approval of any change of control

transaction.

Our Class B common stock has 20 votes per share, and our Class A common stock has one vote per share. As of September 30, 2023, the holders of our outstanding Class B common stock, which consist of Thrive Capital and our Co-Founders, beneficially own 21.3% of our outstanding capital stock and hold 81.8% of the voting power of our outstanding capital stock (assuming the exercise of all options to acquire shares of Class B common stock and the conversion of the 2031 Notes, in each case that are beneficially owned as of September 30, 2023). Thrive Capital and Joshua Kushner (as the sole managing member of the Thrive General Partners), in particular, beneficially own 18.4% of our outstanding capital stock and hold 73.9% of the voting power of our outstanding capital stock as of September 30, 2023. Because of the 20-to-one voting ratio between our Class B common stock and Class A common stock, the holders of Class B common stock, in particular Thrive Capital and Joshua Kushner (as the sole managing member of the Thrive General Partners), collectively control over a majority of the combined voting power of all of our Class A common stock and Class B common stock and therefore will continue to be able to control all matters submitted to our stockholders for approval until a significant portion of such shares of outstanding Class B common stock have been converted to shares of Class A common stock. This concentrated control limits or precludes the ability of our other investors to influence corporate matters for the foreseeable future. For example, Thrive Capital and our Co-Founders have sufficient voting power to determine the outcome with respect to elections of directors, amendments to our certificate of incorporation, amendments to our bylaws that are subject to a stockholder vote, increases to the number of shares available for issuance under our equity incentive plans or adoption of new equity incentive plans, and approval of any merger, consolidation, sale of all or substantially all of our assets or other major corporate transaction requiring stockholder approval for the foreseeable future. In addition, this concentrated control may also prevent or discourage unsolicited acquisition proposals or offers for our capital stock that you may feel are in your best interest as one of our stockholders. This control may also adversely affect the market price of our Class A common stock.

Because Thrive Capital's and our Co-Founders' interests may differ from those of our other stockholders, actions that Thrive Capital and our Co-Founders take with respect to us, as significant stockholders, may not be favorable to our other stockholders, including holders of our Class A common stock.

Thrive Capital and its affiliates engage in a broad spectrum of activities. In the ordinary course of its business activities, Thrive Capital and its affiliates may engage in activities where their interests conflict with our interests or those of our other stockholders. Thrive Capital or one of its affiliates may also pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us. In addition, Thrive Capital may have an interest in us pursuing acquisitions, divestitures and other transactions that, in its judgment, could enhance its investment in us, even though such transactions might involve risks to you.

Future transfers by holders of Class B common stock will generally result in those shares converting to Class A common stock, subject to limited exceptions. As among the individual holders of Class B common stock, the conversion of Class B common stock to Class A common stock will have the effect, over time, of increasing the relative voting power of those holders of Class B common stock who retain their shares in the long term (and decreasing the relative voting power of those holders of Class B common stock who transfer their shares).

We cannot predict the effect our dual class structure may have on the market of our Class A common stock.

We cannot predict whether our dual class structure will result in a lower or more volatile market price of our Class A common stock, in adverse publicity, or in other adverse consequences. Certain index providers have implemented, and may in the future determine to implement, restrictions on including companies with multiple share class structures in certain of their indices. For example, from July 2017 to April 2023, S&P Dow Jones excluded companies with multiple share classes from the S&P Composite 1500. If we are ineligible for inclusion in certain indices on account of our dual class structure, mutual funds, exchange-traded funds, and other investment vehicles that attempt to passively track those indices may not invest in our Class A common stock. These policies are relatively new and it is unclear what effect, if any, they will have on the valuations of publicly-traded companies excluded from such indices, but it is possible that they may depress valuations, as compared to similar companies that are included. Given the sustained flow of investment funds into passive strategies that seek to track certain indices, exclusion from certain stock indices would likely preclude investment by many of these funds and could make our Class A common stock less attractive to other investors. As a result, the market price of our Class A common stock could be adversely affected.

We are a "controlled company" within the meaning of the rules of NYSE and, as a result, we rely on exemptions from certain corporate governance requirements. You will not have the same protections afforded to stockholders of companies that are subject to such requirements.

We are a "controlled company" within the meaning of the corporate governance standards of the New York Stock Exchange ("NYSE"). Under these rules, a listed company of which more than 50% of the voting power is held by an individual, group or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of the board of directors consist of independent directors;
- the requirement that our nominating and corporate governance committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities;
- the requirement that our compensation committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the requirement for an annual performance evaluation of our nominating and corporate governance and compensation committees.

We currently are not relying on these exemptions, except for the exemption from the requirement that our nominating and corporate governance committee be composed entirely of independent directors. However, as long as we remain a "controlled company," we may elect in the future to take advantage of any of these other exemptions. As a result of any such election, our board of directors may not have a majority of independent directors, our compensation committee may not consist entirely of independent directors, and our directors may not be nominated or selected by independent directors. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE.

We do not intend to pay dividends on our Class A common stock for the foreseeable future.

We currently intend to retain all available funds and any future earnings to fund the development and growth of our business. As a result, we do not anticipate declaring or paying any cash dividends on our Class A common stock in the foreseeable future. Any decision to declare and pay dividends in the future will be made at the discretion of our board of directors, subject to applicable laws, and will depend on, among other things, our business prospects, results of operations, financial condition, cash requirements and availability, industry trends, and other factors that our board of directors may deem relevant. Any such decision also will be subject to compliance with contractual restrictions and covenants in the agreements governing our current indebtedness. In addition, our ability to pay dividends in the future depends on the earnings and distributions of funds from our health insurance subsidiaries. Applicable state insurance laws restrict the ability of such health insurance subsidiaries to declare stockholder dividends and require our health insurance subsidiaries to maintain specified levels of statutory capital and surplus. The Revolving Credit Facility contains restrictions on our ability to pay dividends. Moreover, we may incur additional indebtedness, the terms of which may further restrict or prevent us from paying dividends on our Class A common stock. As a result, you may have to sell some or all of your Class A common stock after price appreciation in order to generate cash flow from your investment, which you may not be able to do. Our inability or decision not to pay dividends could also adversely affect the market price of our Class A common stock.

We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our Class A common stock, which could depress the price of our Class A common stock.

Our amended and restated certificate of incorporation filed in connection with our IPO (the “Amended Charter”) authorizes us to issue one or more series of preferred stock. Our board of directors will have the authority to determine the powers, designations, preferences, and relative, participating, optional or other special rights, and the qualifications, limitations, or restrictions thereof, of the shares of preferred stock and to fix the number of shares constituting any series, without any further vote or action by our stockholders. Our preferred stock could be issued with voting, liquidation, dividend, and other rights superior to the rights of our Class A common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discouraging bids for our Class A common stock at a premium to the market price, and may materially and adversely affect the market price and the voting and other rights of the holders of our Class A common stock.

Future sales and issuances of our Class A common stock or rights to purchase our Class A common stock, including pursuant to our equity incentive plans, or other equity securities or securities convertible into our Class A common stock, could result in additional dilution of the percentage ownership of our stockholders and could cause the stock price of our Class A common stock to decline.

We have filed registration statements with the SEC on Form S-8 to register shares of our Class A common stock issued or reserved for issuance under our 2012 Stock Plan, 2021 Incentive Award Plan, 2022 Employment Inducement Incentive Award Plan, and Employee Stock Purchase Plan and expect to file additional registration statements on Form S-8 in the future. Subject to the satisfaction of vesting conditions, shares issued pursuant to or registered under the registration statement on Form S-8 will be available for resale immediately in the public market without restriction. From time to time in the future, we may also issue additional shares of our Class A common stock, Class B common stock or securities convertible into Class A common stock pursuant to a variety of transactions, including acquisitions. The issuance by us of additional shares of our Class A common stock or securities convertible into our Class A common stock would dilute the ownership of our existing stockholders.

In addition, the sale of substantial amounts of shares of our Class A common stock in the public market, or the perception that such sales could occur, could harm the prevailing market price of shares of our Class A common stock. All of the shares of Class A common stock sold in our IPO are freely tradable without restriction or further registration under the Securities Act, except that any shares held by our affiliates, as that term is defined under Rule 144 of the Securities Act, may be sold only in compliance with certain limitations. The market price of our shares of Class A common stock could drop significantly if the holders of such restricted shares sell them or are perceived by the market as intending to sell them. These factors could also make it more difficult for us to raise additional funds through future offerings of our shares of Class A common stock or other securities.

We are no longer an emerging growth company and the reduced compliance requirements applicable to emerging growth companies no longer apply to us.

We no longer qualify as an emerging growth company as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”) and as such we no longer are entitled to rely on exemptions from certain compliance requirements that are applicable to companies that are emerging growth companies. As a result, subject to certain grace periods, we are now required to:

- engage an independent registered public accounting firm to provide an attestation report on our internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act of 2002;
- submit certain executive compensation matters to stockholder advisory votes; and
- disclose a compensation discussion and analysis, including disclosure regarding certain executive compensation related items such as the correlation between executive compensation and performance and comparisons of the chief executive officer’s compensation to median employee compensation.

We are no longer able to take advantage of cost savings associated with the JOBS Act. Furthermore, if the additional requirements applicable to non-emerging growth companies divert the attention of our management and personnel from other business concerns, they could have a material adverse effect on our business, financial condition and results of operations. The increased costs will decrease our net income or increase our net loss and may require us to reduce costs in other areas of our business. We cannot predict or estimate the amount or timing of additional costs we may incur to respond to these requirements. Furthermore, if we are unable to satisfy our obligations as a non-emerging growth company, we could be subject to delisting of our common stock, fines, sanctions and other regulatory action and potentially civil litigation

Anti-takeover provisions in our governing documents and under Delaware law could make an acquisition of our company more difficult, limit attempts by our stockholders to replace or remove our current management, and depress the market price of our Class A common stock.

Our Amended Charter, amended and restated bylaws filed in connection with our IPO (the "Amended Bylaws"), and Delaware law contain provisions that could have the effect of rendering more difficult, delaying or preventing an acquisition deemed undesirable by our board of directors. Among others, our Amended Charter and Amended Bylaws include the following provisions:

- a dual class structure that provides our holders of Class B common stock with the ability to control the outcome of matters requiring stockholder approval;

- limitations on convening special stockholder meetings, which could make it difficult for our stockholders to adopt desired governance changes;
- advance notice procedures, which apply for stockholders to nominate candidates for election as directors or to bring matters before an annual meeting of stockholders;
- a prohibition on stockholder action by written consent, which means that our stockholders will only be able to take action at a meeting of stockholders;
- a forum selection clause, which means certain litigation can only be brought in Delaware;
- no authorization of cumulative voting, which limits the ability of minority stockholders to elect director candidates;
- certain amendments to our certificate of incorporation will require the approval of two-thirds of the then outstanding voting power of our capital stock, voting as a single class;
- amendments to our bylaws by our stockholders will require the approval of two-thirds of the then outstanding voting power of our capital stock, voting as a single class;
- the authorization of undesignated or "blank check" preferred stock, the terms of which may be established and shares of which may be issued without further action by our stockholders and which may be used to create a "poison pill";
- newly created directorships are filled by a majority of directors then in office; and
- the approval of two-thirds of the then outstanding voting power of our capital stock, voting as a single class, is required to remove a director.

These provisions, alone or together, could delay or prevent hostile takeovers and changes in control or changes in our management. As a Delaware corporation, we are also subject to provisions of Delaware law, including Section 203 of the Delaware General Corporation Law (the "DGCL"), which prevents interested stockholders, such as certain stockholders holding more than 15% of our outstanding common stock from engaging in certain business combinations for a period of 3 years following the time that such stockholder became an interested stockholder, unless (i) prior to the time such stockholder became an interested stockholder, the board approved the transaction that resulted in such stockholder becoming an interested stockholder, (ii) upon consummation of the transaction that resulted in such stockholder becoming an interested stockholder, the interested stockholder owned 85% of the voting stock of the Company outstanding at the time the transaction commenced (excluding certain shares) or (iii) following board approval, the business combination receives the approval of the holders of at least two-thirds of our outstanding common stock not owned by such interested stockholder.

The insurance laws in most states require regulatory review and approval of a change in control of our domestic insurers. "Control" generally means the possession, direct or indirect, of the power to direct, or cause the direction of, the management and policies of an insurer, whether through the ownership of voting securities, by contract, or otherwise. The state statutes usually presume that control exists if a person or company, directly or indirectly, owns, controls, or holds the power to vote ten percent (10%) or more of the voting securities of an insurer or a parent company, but some states may presume control at a lower percentage. This presumption can then be rebutted by showing that control does not exist. Accordingly, a change in control could trigger regulatory review and approval in one or more states in which we operate.

Any provision of our Amended Charter, Amended Bylaws, Delaware law, or applicable state insurance law that has the effect of delaying, preventing, or deterring a change in control could limit the opportunity for our stockholders to receive a premium for their shares of our Class A common stock, and could also affect the price that some investors are willing to pay for our Class A common stock.

Our Amended Charter provides that the Court of Chancery of the State of Delaware is the sole and exclusive forum for substantially all disputes between us and our stockholders, and federal district courts are the sole and exclusive forum for Securities Act claims, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Our Amended Charter provides that, unless we consent to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum for: (a) any derivative action, suit, or proceeding brought on our behalf; (b) any action, suit, or proceeding asserting a claim of breach of fiduciary duty owed by any of our current or former directors, officers or other employees or stockholders to us or to our stockholders, creditors, or other constituents; (c) any action, suit, or proceeding asserting a claim arising pursuant to the DGCL, our Amended Charter or Amended Bylaws, or as to which the DGCL confers exclusive jurisdiction on the Court of Chancery of the State of Delaware; or (d) any action, suit, or proceeding asserting a claim governed by the internal affairs doctrine; provided that the exclusive forum provisions will not apply to suits brought to enforce any liability or duty created by the Exchange Act, or to any claim for which the federal courts have exclusive jurisdiction.

Our Amended Charter further provides that, unless we consent in writing to the selection of an alternative forum, the federal district courts are the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. We note that investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. The choice of forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our current or former directors, officers, or other employees or stockholders, which may discourage such lawsuits against us and our current or former directors, officers, and other employees or stockholders. Alternatively, if a court were to find the choice of forum provisions contained in our Amended Charter to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could harm our business, financial condition, and results of operations.

General Risk Factors

The obligations associated with being a public company require significant resources and management attention, and we have and will continue to incur increased costs as a result of being a public company.

As a public company, we face increased legal, accounting, administrative, and other costs and expenses that we did not incur as a private company. We have incurred, and expect to continue to incur, significant costs related to operating as a public company. We are subject to the Exchange Act, the rules and regulations implemented by the SEC, the Sarbanes-Oxley Act, the Dodd-Frank Act, the Public Company Accounting Oversight Board (the "PCAOB"), and the rules and standards of the NYSE, each of which imposes additional reporting and other obligations on public companies. As a public company, we are required to, among others:

- prepare, file, and distribute annual, quarterly, and current reports with respect to our business and financial condition;
- prepare, file, and distribute proxy statements and other stockholder communications;
- expand the roles and duties of our Board and committees thereof, and management;
- hire additional financial and accounting personnel and other experienced accounting and finance staff with the expertise to address complex accounting matters applicable to public companies;
- institute more comprehensive financial reporting and disclosure compliance procedures;
- utilize outside counsel and accountants to assist us with the activities listed above;
- enhance our investor relations function;
- establish new internal policies, including those relating to trading in our securities and disclosure controls and procedures;
- comply with NYSE's listing standards; and
- comply with the Sarbanes-Oxley Act.

These rules and regulations and changes in laws, regulations, and standards relating to corporate governance and public disclosure, which have created uncertainty for public companies, will continue to increase our legal and financial compliance costs and make some activities more time consuming and costly. These laws, regulations, and standards are subject to varying interpretations, in many cases due to their lack of specificity and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. Our investment in compliance with existing and evolving regulatory requirements has and will continue to result in increased administrative expenses and a diversion of management's time and attention from revenue-generating activities to compliance activities, which could have a material adverse effect on our business, financial condition, and results of operations.

In addition, the need to establish the corporate infrastructure demanded of a public company may also divert management's attention from implementing our business strategy, which could prevent us from improving our business, financial condition, and results of operations. If we do not continue to develop and implement the right processes and tools to manage our changing enterprise and maintain our culture, our ability to compete successfully and achieve our business objectives could be impaired, which could negatively impact our business, financial condition, and results of operations. In addition, we cannot predict or estimate the amount of additional costs we may incur to comply with these requirements. We anticipate that these costs will materially increase our general and administrative expenses.

Being a public company and complying with applicable rules and regulations also makes it more difficult and more expensive for us to obtain director and officer liability insurance. As a result, it may be more difficult for us to attract and retain qualified people to serve on our board of directors, our board committees, or as executive officers.

If our operating and financial performance in any given period does not meet the guidance that we provide to the public, the market price of our Class A common stock may decline.

We may, but are not obligated to, provide public guidance on our expected operating and financial results for future periods. Any such guidance will be comprised of forward-looking statements subject to the risks and uncertainties described in this report, and in our other public filings and public statements. Our actual results may not always be in line with or exceed any guidance we have provided, especially in times of economic uncertainty. If, in the future, our operating or financial results for a particular period do not meet any guidance we provide or the expectations of investment analysts, or if we reduce our guidance for future periods, the market price of our Class A common stock may decline. Even if we do issue public guidance, there can be no assurance that we will continue to do so in the future.

A new 1% U.S. federal excise tax could be imposed on us in connection with any redemptions we undertake.

On August 16, 2022, the Inflation Reduction Act of 2022 (the "IRA") was signed into federal law. The IRA provides for, among other things, a new U.S. federal 1% excise tax on certain repurchases (including redemptions) of stock by publicly traded U.S. corporations and certain other persons (a "covered corporation"). Because we are a Delaware corporation and our securities are trading on the NYSE, we are a "covered corporation" for this purpose. The excise tax is imposed on the repurchasing corporation itself, not its stockholders from which shares are repurchased. The amount of the excise tax is generally 1% of the fair market value of the shares repurchased at the time of the repurchase. However, for purposes of calculating the excise tax, repurchasing corporations are permitted to net the fair market value of certain new stock issuances against the fair market value of stock repurchases during the same taxable year. In addition, certain exceptions apply to the excise tax. The U.S. Department of Treasury has been given authority to provide regulations and other guidance to carry out and prevent the abuse or avoidance of the excise tax. If we were to conduct repurchases of our stock or other transactions covered by the excise tax described above, we could potentially be subject to this excise tax, which could increase our costs and adversely affect our operating results.

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity Securities

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

(a) None. On May 2, 2024, the Board of Directors of the Company (the “Board”) appointed Steven Wolin, Chief Operating Officer, as an executive officer and Executive Vice President of the Company, effective immediately. In connection with his appointment, Mr. Wolin was also designated by the Board as principal operating officer of the Company.

Mr. Wolin, 55, has served as the Company’s Chief Operating Officer since August 2022. He joined the Company in April 2020, serving as SVP, Member Programs until October 2021, when he took the role of SVP, Operations. He leads the development and execution of the Company’s service organization, insurance operations, clinical operations, pharmacy services, behavioral health, and virtual care. Prior to joining the Company, Mr. Wolin served as head of Corporate Strategy and Strategic Partnerships for Optum, a division of UnitedHealthcare, from 2016 to 2020. In that role, he led the development of corporate and business unit level strategy aimed at driving growth and efficiency. He also led the assessment, structuring, negotiating, and relationship management of several large-scale Optum partnerships. Prior to Optum, Mr. Wolin had a career as a management consultant with Oliver Wyman and was also a Managing Director at Bain Capital. Mr. Wolin graduated with a Bachelor of Arts from Bucknell University and with a Masters Degree in Business Administration from Duke’s Fuqua School of Business.

In connection with Mr. Wolin’s appointment as an executive officer, Oscar Management Corporation and Mr. Wolin entered into an Employment Agreement, dated as of May 2, 2024 (the “Wolin Agreement”), pursuant to which he will receive (i) a $600,000 annual base salary, and (ii) a target annual bonus opportunity equal to 60% of base salary. The other terms and conditions of the Wolin Agreement are consistent with those set forth in the employment agreements for our other Executive Vice Presidents.

In addition, in connection with Mr. Wolin’s appointment, he was granted (i) an award of restricted stock units covering an aggregate of 17,521 shares of the Company’s Class A common stock (“RSUs”) and (ii) an award of performance-vesting RSUs covering an aggregate of 52,258 shares of the Company’s Class A common stock (“PSUs”), in each case under the Company’s 2021 Incentive Award Plan. The RSU award is intended to address the difference between the annual incentive award Mr. Wolin was granted in March 2024 and the annual incentive award target specified in the Wolin Agreement. The award will vest on a quarterly basis over the three-year period following March 1, 2024, subject to Mr. Wolin’s continued employment through each applicable vesting date. The PSU award will be subject to the same vesting terms and conditions as the PSU awards granted in May 2024 to the Company’s other Executive Vice Presidents.

In connection with his appointment, Mr. Wolin also entered into the Company’s standard form of indemnification agreement for directors and officers.

The foregoing description of the Wolin Agreement does not purport to be complete and is qualified in its entirety by reference to the Wolin Agreement, a copy of which is filed as Exhibit 10.2 to this Quarterly Report on Form 10-Q and is incorporated by reference herein.

There are no arrangements or understandings between Mr. Wolin and any other person pursuant to which he was appointed. Mr. Wolin has no family relationship with any director or other executive officer of the Company or any person nominated or chosen by the Company to become a director or executive officer, and there are no transactions in which Mr. Wolin has an interest requiring disclosure under Item 404(a) of Regulation S-K.

(b) None.

(c) On August 13, 2023 February 28, 2024, Mark T. Bertolini, R. Scott Blackley, the Company’s Chief Executive Financial Officer, in accordance with the Company’s standard practice for employees and executive officers, entered into the Company’s form of sell-to-cover instruction adopted a Rule 10b5-1 trading arrangement that is intended to satisfy the affirmative defense of Rule 10b5-1(c) for the sale of up to 250,000 shares of the Company’s Class A common stock by February 27, 2025.

On April 2, 2024, Mark T. Bertolini, the Company’s Chief Executive Officer, terminated his sell-to-cover instruction providing for sales of a number of shares of Class A common stock as is necessary to cover tax withholding obligations incurred in connection with the vesting or settlement of restricted stock units, held by Mr. Bertolini. The instruction will remain in effect so long as Mr. Bertolini is subject has elected to pay such tax obligations, unless earlier terminated. amounts in cash. The total number of shares of Class A common stock that may be sold pursuant to the instruction is not determinable.

On August 19, 2023, Mario Schlosser, the Company's President of Technology was originally adopted on August 13, 2023 and Chief Technology Officer, adopted a trading plan that is was intended to satisfy the affirmative defense of Rule 10b5-1(c) for the exercise of 608,430 vested stock options and sale of underlying shares of the Company's common stock to cover the related exercise fee, withholding taxes, commissions and fees pursuant to the terms of the plan, between November 16, 2023 and January 17, 2024.

Item 6. Exhibits

Incorporated by Reference				
Incorporated by Reference	Filed/ Furnished Herewith		Incorporated by Reference	Filed/ Furnished Herewith

Exhibit Number	Exhibit Number	Exhibit Description	Form	File No.	Exhibit	Filing Date	Filed/ Furnished Herewith			
3.1	3.1	Amended and Restated Certificate of Incorporation of Oscar Health, Inc.	8-K	001-40154	3.1	3/8/2021				
3.1										
3.1										
3.2										
3.2										
3.2	3.2	Amended and Restated Bylaws of Oscar Health, Inc.	8-K	001-40154	3.2	3/8/2021				
4.1	4.1	Specimen Common Stock Certificate of Oscar Health, Inc.	S-1/A	333-252809	4.1	2/22/2021				
4.1										
4.1										
10.1										
10.1										
10.1									Form of Performance Restricted Stock Unit Award Agreement under 2021 Incentive Award Plan.	*
10.2								10.2	Employment Agreement, by and between Oscar Health, Inc., Oscar Management Corporation and Steven Wolin, dated May 2, 2024.	*
31.1	31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a).					*	31.1	Certification of Chief Executive Officer pursuant to Rule 13a-14(a)/15d-14(a).	*
31.2	31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a).					*	31.2	Certification of Chief Financial Officer pursuant to Rule 13a-14(a)/15d-14(a).	*
32.1	32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.					**	32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350.	**
32.2	32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.					**	32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350.	**
101.INS	101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL document					*	101.INS	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data file because its XBRL tags are embedded within the Inline XBRL document	*

101.SCH	101.SCH	Inline XBRL Taxonomy Extension Schema Document	*	101.SCH	Inline XBRL Taxonomy Extension Schema Document	*
101.CAL	101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	*	101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document	*
101.DEF	101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	*	101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document	*
101.LAB	101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	*	101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document	*
101.PRE	101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	*	101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document	*
104	104	Cover Page Interactive Data File (formatted as Inline XBRL and embedded within Exhibit 101)	*	104	Cover Page Interactive Data File (formatted as Inline XBRL and embedded within Exhibit 101)	*

* Filed herewith.
** Furnished herewith.

SIGNATURES

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

OSCAR HEALTH, INC.

Date: May 7, 2024	By:	/s/ Mark T. Bertolini
		Mark T. Bertolini
		Chief Executive Officer
		(Principal Executive Officer)
Date: May 7, 2024	By:	/s/ R. Scott Blackley
		R. Scott Blackley
		Chief Financial Officer
		(Principal Financial Officer)
Date: May 7, 2024	By:	/s/ Victoria Baltrus
		Victoria Baltrus
		Chief Accounting Officer
		(Principal Accounting Officer)

OSCAR HEALTH, INC.

2021 INCENTIVE AWARD PLAN

PERFORMANCE RESTRICTED STOCK UNIT GRANT NOTICE

Oscar Health, Inc., a Delaware corporation (the "***Company***"), has granted to the participant listed below ("***Participant***") the Performance Restricted Stock Units (the "***PSUs***") described in this Performance Restricted Stock Unit Grant Notice (this "***Grant Notice***"), subject to the terms and conditions of the Oscar Health, Inc. 2021 Incentive Award Plan (as amended from time to time, the "***Plan***") and the Performance Restricted Stock Unit Agreement attached hereto as **Exhibit A**, the Earned PSUs attached as **Exhibit B** and the Peer Group Companies attached as **Exhibit C** (Exhibits A, B and C together, the "***Agreement***"), all of which are incorporated into this Grant Notice by reference. Capitalized terms not specifically defined in this Grant Notice or the Agreement have the meanings given to them in the Plan.

Participant:	[To be specified]
Grant Date:	[______], [_______]
Target Number of PSUs:	[To be specified]
Expiration Date:	[______], [_______]
Vesting Schedule:	The PSUs shall become earned and vest as described in Article II of the Agreement and **Exhibit B**.

By accepting (whether in writing, electronically or otherwise) the PSUs, Participant agrees to be bound by the terms of this Grant Notice, the Plan and the Agreement. Participant has reviewed the Plan, this Grant Notice and the Agreement in their entirety, has had an opportunity to obtain the advice of counsel prior to executing this Grant Notice and fully understands all provisions of the Plan, this Grant Notice and the Agreement. Participant hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan, this Grant Notice or the Agreement.

OSCAR HEALTH, INC. **PARTICIPANT**

By:

Date: November 7, 2023 By: /s/ Mark T. Bertolini [Participant Name]

Name:

Title:

Mark T. Bertolini

Chief Executive Officer

(Principal Executive Officer)

Date: November 7, 2023 By: /s/ R. Scott Blackley

R. Scott Blackley

Chief Financial Officer

(Principal Financial Officer)

Date: November 7, 2023 By: /s/ Victoria Baltrus

Victoria Baltrus

Chief Accounting Officer

(Principal Accounting Officer)

PERFORMANCE RESTRICTED STOCK UNIT AGREEMENT

WHEREAS, in connection with the Company's grant of the PSUs to Participant, the parties desire to enter into this Performance Restricted Stock Unit Agreement (this "***Agreement***"); and

NOW, THEREFORE, the Company and Participant hereby agree as follows:

ARTICLE I.
GENERAL

1.1 Award of PSUs. The Company has granted the PSUs to Participant effective as of the Grant Date set forth in the Grant Notice (the "***Grant Date***"). Each PSU represents the right to receive one Share as set forth in this Agreement. Participant will have no right to the distribution of any Shares until the time (if ever) the PSUs have vested.

1.2 Incorporation of Terms of Plan. The PSUs are subject to the terms and conditions set forth in this Agreement and the Plan, which is incorporated herein by reference. In the event of any inconsistency between the Plan and this Agreement, the terms of the Plan will control.

1.3 Unsecured Promise. The PSUs will at all times prior to settlement represent an unsecured Company obligation payable only from the Company's general assets.

1.4 Defined Terms. Capitalized terms not specifically defined in this Agreement shall have the meanings specified in the Grant Notice, **Exhibit B** or, if not defined in the Grant Notice or **Exhibit B**, in the Plan. In addition, the following defined terms shall apply:

(a) "***Assumed***" shall mean that an Assumption occurs with respect to the Award in connection with a Change in Control.

(b) "***Cause***" shall have such meaning as is contained in Participant's Employment Agreement or, if not defined therein, shall mean a determination by the Company of (i) Participant's unauthorized use or disclosure of the Company's confidential information or trade secrets; (ii) Participant's breach of any agreement between Participant and the Company; (iii) Participant's failure to comply with the Company's written policies or rules; (iv) Participant's conviction of, or plea of "guilty" or "no contest" to, a felony under the laws of the United States or any State thereof; (v) Participant's gross negligence or willful misconduct; (vi) Participant's continuing failure to perform assigned duties after receiving notification of such failure from the Company; or (vii) Participant's failure to cooperate in good faith with a governmental or internal investigation of the Company or its directors, officers, or employees.

(c) "***Change in Control Period***" shall mean the twelve (12) month period beginning on the date on which a Change in Control occurs.

(d) "***Employment Agreement***" shall mean any employment agreement, offer letter or similar written agreement between Participant and the Company or any of its affiliates.

(e) "***Good Reason***" shall have the meaning ascribed to such term (or similar term) in Participant's Employment Agreement, if applicable.

(f) "***Qualifying Termination***" shall mean Participant's Termination of Service (i) by the Company without Cause or (ii) if Participant's Employment Agreement contains a definition of "Good Reason" (or similar term), by Participant for Good Reason.

Exhibit A

(g) "***Restrictive Covenants***" shall mean any confidentiality, intellectual property assignment, non-competition, non-solicitation, non-disparagement and other protective covenants contained in any written agreement between the Company (or an affiliate) and Participant.

(h) "***Retirement***" shall mean a Termination of Service due to retirement (as determined by the Company in its sole discretion) if such Termination of Service (i) occurs on or after the completion by Participant of five years of service with the Company (which need not be continuous) and (ii) the Participant's age equals or exceeds 55 (in each case measured in years, rounded down to the nearest whole number).

(i) "***Retirement Acceleration Period***" means a number of years following Participant's Retirement that is equal to (i) Participant's number of years of service as an Employee (rounded down to the nearest whole number), divided by (ii) five (with such quotient rounded down to the nearest whole number).

ARTICLE II.

VESTING; FORFEITURE AND SETTLEMENT

2.1 Earned PSUs; General Vesting. The PSUs will be earned as set forth on **Exhibit B** attached hereto. Subject to Section 2.2, any Earned PSUs (as defined in **Exhibit B**) will vest on the Expiration Date, subject to Participant's continued service as a Service Provider through the Expiration Date. Any PSUs that remain outstanding and unvested as of immediately following the Expiration Date (including as a result of failing to become Earned PSUs) will be forfeited and terminated (for no consideration) as of the Expiration Date.

2.2 Change in Control; Termination of Service.

(a) Change in Control.

(i) If a Change in Control occurs and Participant remains in continued service as a Service Provider until at least immediately prior to such Change in Control, then, effective as of the date of such Change in Control: (x) the PSUs shall become Earned PSUs in accordance with **Exhibit B**, and (y) (A) to the extent the Award is Assumed in connection with such Change in Control, any such Earned PSUs will convert into a time-vesting Restricted Stock Unit ("***RSU***") award that, following such Change in Control, will remain outstanding and eligible to vest on the Expiration Date, subject to Participant's continued Service as a Service Provider through the Expiration Date; or (B) to the extent the Award is not Assumed in connection with such Change in Control, 100% of any such Earned PSUs will vest as of immediately prior to such Change in Control.

(ii) If Participant experiences (A) a Termination of Service due to death or Disability following a Change in Control or (B) a Qualifying Termination following a Change in Control that does not occur during the Change in Control Period, then, in either case, a number of RSUs subject to such time-vesting RSU award shall vest as of the date of Participant's Termination of Service equal to the number of RSUs multiplied by a fraction, (x) the numerator of which is the number of days Participant was in service from the first day of the Performance Period through the date of Participant's Termination of Service and (y) the denominator of which is the number of days from (and including) the first day of the Performance Period through (and including) the Expiration Date.

Exhibit A

(iii) If Participant experiences a Qualifying Termination during the Change in Control Period, then 100% of the RSUs subject to such time-vesting RSU award shall vest as of the date of Participant's Termination of Service.

(iv) Upon Participant's Retirement following a Change in Control, then a number of RSUs subject to such time-vesting RSU award shall vest as of the date of Participant's Termination of Service equal to the number of RSUs multiplied by a fraction, (x) the numerator of which is the sum of (A) the number of days Participant was in service from the first day of the Performance Period through the date of Participant's Termination of Service and (B) the number of days in the Retirement Acceleration Period and (y) the denominator of which is the number of days from (and including) the first day of the Performance Period through (and including) the Expiration Date. Any RSUs that do not become vested in accordance with the foregoing automatically will be forfeited and terminated as of the date of Participant's Termination of Service without consideration therefor.

(b) Termination due to Death or Disability (pre-Change in Control). Upon Participant's Termination of Service due to death or Disability, (i) the PSUs shall remain outstanding and eligible to become Earned PSUs in accordance with **Exhibit B** and (ii) a number of Earned PSUs shall vest in accordance with the following sentence as of the earlier of the Expiration Date or a Change in Control. The number of Earned PSUs that shall be eligible to vest shall equal to the number of Earned PSUs determined in accordance with **Exhibit B**, multiplied by a fraction, (x) the numerator of which is the number of days Participant was in service from the first day of the Performance Period through the date of Participant's Termination of Service and (y) the denominator of which is the number of days from (and including) the first day of the Performance Period through (and including) the Expiration Date. Any Earned PSUs that do not become vested in accordance with the foregoing automatically will be forfeited and terminated as of the last day of the Performance Period without consideration therefor.

(c)Termination due to Retirement (pre-Change in Control). Upon Participant's Retirement, (i) the PSUs shall remain outstanding and eligible to become Earned PSUs in accordance with **Exhibit B** and (ii) a number of Earned PSUs shall vest in accordance with the following sentence as of the earlier of the Expiration Date or a Change in Control. The number of Earned PSUs that shall be eligible to vest shall equal the number of Earned PSUs determined in accordance with **Exhibit B**, multiplied by a fraction, (x) the numerator of which is the sum of (A) the number of days Participant was in service from the first day of the Performance Period through the date of Participant's Termination of Service and (B) the number of days in the Retirement Acceleration Period and (y) the denominator of which is the number of days from (and including) the first day of the Performance Period through (and including) the Expiration Date. Any Earned PSUs that do not become vested in accordance with the foregoing automatically will be forfeited and terminated as of the last day of the Performance Period without consideration therefor.

(d) Other Terminations. If Participant experiences a Termination of Service for any reason other those set forth in Sections 2.2(a)-(c), all PSUs (or, to the extent applicable, RSUs) that have not become vested on or prior to the date of such Termination of Service automatically will be forfeited and terminated as of the termination date without consideration therefor.

(e) Release; Restrictive Covenants. The accelerated vesting set forth in Sections 2.2(a)-(c) is subject to and conditioned upon (i) Participant's (or Participant's estate's) execution, delivery and non-revocation of a general release of claims in a form prescribed by the Company within 30 days (or, to the extent required by law, 52 days) following the date of Participant's Termination of Service and (ii) Participant's continued compliance with the Restrictive Covenants.

2.3 Settlement.

(a) The PSUs (or, to the extent applicable, RSUs) will be paid in Shares as soon as administratively practicable following the applicable vesting date, but in no event later than March 15 of the year following the year in which such vesting date occurs.

(b) Notwithstanding the foregoing, the Company may delay any payment under this Agreement that the Company reasonably determines would violate Applicable Law until the earliest date the Company reasonably determines the making of the payment will not cause such a violation (in accordance with Treasury Regulation Section 1.409A-2(b)(7)(ii)); provided the Company reasonably believes the delay will not result in the imposition of excise taxes under Section 409A.

ARTICLE III.
TAXATION AND TAX WITHHOLDING

3.1 Representation. Participant represents to the Company that Participant has reviewed with Participant's own tax advisors the tax consequences of this award of PSUs (the "***Award***") and the transactions contemplated by the Grant Notice and this Agreement. Participant is relying solely on such advisors and not on any statements or representations of the Company or any of its agents.

3.2 Tax Withholding.

(a) Subject to Section 3.2(b), payment of the withholding tax obligations with respect to the Award may be by any of the following, or a combination thereof, as determined by [the Company in its sole discretion / Participant or the Administrator][1]:

(i) Cash or check;

(ii) In whole or in part by delivery of Shares, including Shares delivered by attestation and Shares retained from the Award creating the tax obligation, valued at their Fair Market Value on the date of delivery; or

(iii) In whole or in part by the Company withholding of Shares otherwise vesting or issuable under this Award in satisfaction of any applicable withholding tax obligations.

(b) Unless [the Company / Participant or the Administrator] otherwise determines, and subject to Section 10.17 of the Plan, payment of the withholding tax obligations with respect to the Award shall be by [delivery (including electronically or telephonically to the extent permitted by the Company) of an irrevocable and unconditional undertaking by a broker acceptable to the Company to deliver promptly to the Company sufficient funds to satisfy the applicable tax withholding obligations] / [delivery (including electronically or telephonically to the extent permitted by the Company) by Participant to the Company of a copy of irrevocable and unconditional instructions to a broker acceptable to the Company that Participant has placed a market sell order with such broker with respect to Shares then-issuable upon settlement of the Award, and that the broker has been directed to deliver promptly to the Company funds sufficient to satisfy the applicable tax withholding obligations; provided, that payment of such proceeds is then made to the Company at such time as may be required by the Administrator][2].

(c) Subject to Section 9.5 of the Plan, the applicable tax withholding obligation will be determined based on Participant's Applicable Withholding Rate. Participant's "***Applicable Withholding Rate***" shall mean (i) if Participant is subject to Section 16 of the Exchange Act, the greater

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[1] NTD: "Participant or the Administrator" for Section 16 individuals. "The Company" for non-Section 16 individuals.
[2] NTD:Use second bracketed language for Section 16 individuals.

of (A) the minimum applicable statutory tax withholding rate or (B) with Participant's consent, the maximum individual tax withholding rate permitted under the rules of the applicable taxing authority for tax withholding attributable to the underlying transaction, or (ii) if Participant is not subject to Section 16 of the Exchange Act, the minimum applicable statutory tax withholding rate or such other higher rate approved by the Company; *provided*, *however*, that (i) in no event shall Participant's Applicable Withholding Rate exceed the maximum individual statutory tax rate in the applicable jurisdiction at the time of such withholding (or such other rate as may be required to avoid the liability classification of the applicable award under generally accepted accounting principles in the United States of America); and (ii) the number of Shares tendered or withheld, if applicable, shall be rounded up to the nearest whole Share sufficient to cover the applicable tax withholding obligation, to the extent rounding up to the nearest whole Share does not result in the liability classification of the PSUs under generally accepted accounting principles.

(d) Participant acknowledges that Participant is ultimately liable and responsible for all taxes owed in connection with the PSUs, regardless of any action the Company or any Subsidiary takes with respect to any tax withholding obligations that arise in connection with the PSUs. Neither the Company nor any Subsidiary makes any representation or undertaking regarding the treatment of any tax withholding in connection with the awarding, vesting or payment of the PSUs or the subsequent sale of Shares. The Company and its Subsidiaries do not commit and are under no obligation to structure the PSUs to reduce or eliminate Participant's tax liability.

ARTICLE IV.
OTHER PROVISIONS

4.1 Adjustments. Participant acknowledges that the PSUs and the Shares subject to the PSUs are subject to adjustment, modification and termination in certain events as provided in this Agreement and the Plan. In addition, the [____] and Relative TSR performance metrics (each, as defined in **Exhibit B**) are based upon, among other things, (i) certain assumptions about the future business of the Company, (ii) a management model prepared by the Company for the projected business of the Company and its Affiliates and (iii) the continued application of accounting policies used by the Company as of the Grant Date. Accordingly, in the event that, after such date, the Administrator determines that (i) any dividend or other distribution (whether in the form of cash, common stock, other securities, or other property), (ii) any unusual or nonrecurring transactions or events (including the occurrence of a regulatory event) affecting the Company or the financial statements of the Company, (iii) any changes in Applicable Laws, or (iv) any changes in generally accepted accounting principles applicable to, or the accounting policies used by, the Company occur, such that an adjustment is determined by the Administrator to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available with respect to the Award, then the Administrator shall in good faith and in such manner as it may deem equitable, adjust the applicable [____] Goal and/or [____] Earned Percentage with respect to [_____] performance and/or the Relative TSR Ranking and/or Relative TSR Modifier with respect to Relative TSR performance, in any case, to reflect the effect or projected effect of such transaction(s) or event(s) on such performance levels.

4.2 Clawback. The Award and the Shares issuable hereunder shall be subject to any clawback or recoupment policy in effect on the Grant Date or as may be adopted or maintained by the Company following the Grant Date, including the Company's Policy for Recovery of Erroneously Awarded Compensation.

4.3 Notices. Any notice to be given under the terms of this Agreement to the Company must be in writing and addressed to the Company in care of the Company's General Counsel at the Company's principal office or the General Counsel's then-current email address or facsimile number. Any notice to be given under the terms of this Agreement to Participant must be in writing and addressed to Participant

(or, if Participant is then deceased, to the Designated Beneficiary) at Participant's last known mailing address, email address or facsimile number in the Company's personnel files. By a notice given pursuant to this Section, either party may designate a different address for notices to be given to that party. Any notice will be deemed duly given when actually received, when sent by email, when sent by certified mail (return receipt requested) and deposited with postage prepaid in a post office or branch post office regularly maintained by the United States Postal Service, when delivered by a nationally recognized express shipping company or upon receipt of a facsimile transmission confirmation.

4.4 Titles. Titles are provided herein for convenience only and are not to serve as a basis for interpretation or construction of this Agreement.

4.5 Conformity to Securities Laws. Participant acknowledges that the Plan, the Grant Notice and this Agreement are intended to conform to the extent necessary with all Applicable Laws and, to the extent Applicable Laws permit, will be deemed amended as necessary to conform to Applicable Laws.

4.6 Successors and Assigns. The Company may assign any of its rights under this Agreement to a single or multiple assignees, and this Agreement will inure to the benefit of the successors and assigns of the Company. Subject to the restrictions on transfer set forth in this Agreement or the Plan, this Agreement will be binding upon and inure to the benefit of the heirs, legatees, legal representatives, successors and assigns of the parties hereto.

4.7 Limitations Applicable to Section 16 Persons. Notwithstanding any other provision of the Plan or this Agreement, if Participant is subject to Section 16 of the Exchange Act, the Plan, the Grant Notice, this Agreement and the PSUs will be subject to any additional limitations set forth in any applicable exemptive rule under Section 16 of the Exchange Act (including any amendment to Rule 16b-3) that are requirements for the application of such exemptive rule. To the extent Applicable Laws permit, this Agreement will be deemed amended as necessary to conform to such applicable exemptive rule.

4.8 Entire Agreement; Amendment. The Plan, the Grant Notice and this Agreement (including any exhibit hereto) constitute the entire agreement of the parties and supersede in their entirety all prior undertakings and agreements of the Company and Participant with respect to the subject matter hereof. To the extent permitted by the Plan, this Agreement may be wholly or partially amended or otherwise modified, suspended or terminated at any time or from time to time by the Administrator or the Board; provided, however, that except as may otherwise be provided by the Plan, no amendment, modification, suspension or termination of this Agreement shall materially and adversely affect the PSUs without the prior written consent of Participant.

4.9 Agreement Severable. In the event that any provision of the Grant Notice or this Agreement is held illegal or invalid, the provision will be severable from, and the illegality or invalidity of the provision will not be construed to have any effect on, the remaining provisions of the Grant Notice or this Agreement.

4.10 Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Company as to amounts payable and may not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. Participant will have only the rights of a general unsecured creditor of the Company with respect to amounts credited and benefits payable, if any, with respect to the PSUs, and rights no greater than the right to receive cash or the Shares as a general unsecured creditor with respect to the PSUs, as and when settled pursuant to the terms of this Agreement.

Exhibit A

4.11 Not a Contract of Employment. Nothing in the Plan, the Grant Notice or this Agreement confers upon Participant any right to continue in the employ or service of the Company or any Subsidiary or interferes with or restricts in any way the rights of the Company and its Subsidiaries, which rights are hereby expressly reserved, to discharge or terminate the services of Participant at any time for any reason whatsoever, with or without cause, except to the extent expressly provided otherwise in a written agreement between the Company or a Subsidiary and Participant.

4.12 Counterparts. The Grant Notice may be executed in one or more counterparts, including by way of any electronic signature, subject to Applicable Law, each of which will be deemed an original and all of which together will constitute one instrument.

* * * * *

Exhibit B

EARNED PSUS

Exhibit C

PEER GROUP COMPANIES

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "***Agreement***"), dated as of May 2, 2024 (the "***Effective Date***"), is entered into by and between Oscar Health, Inc., a Delaware corporation ("***Holdings***") and Oscar Management Corporation ("***OpCo***" and, together with Holdings, the "***Company***") and Steven Wolin (the "***Executive***").

WHEREAS, the Company desires to continue to employ the Executive and the Executive desires to continue to be employed by the Company; and

WHEREAS, the Parties wish for this Agreement to set forth the terms and conditions of such continued employment;

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Employment Period. The Executive's employment hereunder shall be for a period (the "***Employment Period***") commencing on the Effective Date and continuing until terminated in accordance with the terms of this Agreement.

2. Terms of Employment.

(a) Position and Duties.

(i) Role and Responsibilities. During the Employment Period, the Executive shall serve as the Company's EVP and Chief Operating Officer and shall perform such employment duties as are usual and customary for such position. The Executive shall initially report directly to the Company's Chief Executive Officer. At the Company's request, the Executive shall serve the Company and/or its subsidiaries and affiliates in other capacities in addition to the foregoing, consistent with the Executive's position hereunder, for no additional compensation.

(ii) Exclusivity. During the Employment Period, and excluding any periods of leave to which the Executive may be entitled, the Executive agrees to devote the Executive's full business time and attention to the business and affairs of the Company. Notwithstanding the foregoing, during the Employment Period, it shall not be a violation of this Agreement for the Executive to: (A) serve on boards, committees or similar bodies of charitable or nonprofit organizations, (B) fulfill limited teaching, speaking and writing engagements, and (C) manage the Executive's personal investments, in each case, so long as such activities do not individually or in the aggregate materially interfere or conflict with the performance of the Executive's duties and responsibilities under this Agreement; provided, that with respect to the activities in subclauses (A) and/or (B), the Executive receives prior written approval from the Board.

(iii) Principal Location. During the Employment Period, the Executive shall perform the services required by this Agreement at the Executive's home office in Massachusetts (the "***Principal Location***"), provided, however, that the parties acknowledge and agree that the Executive shall be required to travel to other locations as may be necessary to fulfill the Executive's duties and responsibilities hereunder.

(b) Compensation, Benefits, Etc.

(i) Base Salary. During the Employment Period, the Executive shall receive a base salary (the "***Base Salary***") at the rate of $600,000 per annum. The Base Salary shall be paid in accordance with the Company's normal payroll practices for executive salaries generally, but no less often than monthly. The Base Salary may be increased in the discretion of the Board or a subcommittee thereof, but not reduced, and the term "Base Salary" as utilized in this Agreement shall refer to the Base Salary as so increased.

(ii) Annual Cash Bonus. For each calendar year ending during the Employment Period, the Executive shall be eligible to earn a cash performance bonus (an "***Annual Bonus***") under the Company's bonus plan or program applicable to senior executives, targeted at 60% of the Executive's Base Salary paid with respect to such year (the "***Target Bonus***"). The actual amount of any Annual Bonus shall be determined by the Board (or a subcommittee thereof) in its discretion, based on the achievement of individual and/or Company performance goals as determined by the Board (or a subcommittee thereof), and shall be pro-rated for a partial initial year of employment hereunder. The payment of any Annual Bonus, to the extent any Annual Bonus becomes payable, will be made on the date on which annual bonuses are paid generally to the Company's senior executives, but in no event later than March 15th of the calendar year following the calendar year in which such Annual Bonus was earned. Except as provided in Section 4, payment of the Annual Bonus shall be subject to the Executive's continued employment through the payment date.

(iii) Annual Equity Award(s). For each calendar year during the Employment Period beginning with calendar year 2024, the Executive shall be eligible to receive an equity-based compensation award(s), as determined by the Board (or a subcommittee thereof) from time to time, with a target value of $1,620,000. The Board or such subcommittee shall determine in its sole discretion the grant timing, amount, form(s) and mix, and such other terms and conditions (including vesting, exercise and settlement) applicable to any such annual equity-based compensation award, taking into account the Executive's and the Company's performance. Any such award shall be evidenced by a separate award agreement in a form prescribed by the Company, to be entered into by Holdings and the Executive.

(iv) Benefits. During the Employment Period, the Executive (and the Executive's spouse and/or eligible dependents to the extent provided in the applicable plans and programs) shall be eligible to participate in the health and welfare benefit plans and programs maintained by the Company for the benefit of its employees from time to time, pursuant to the terms of such plans and programs, on the same terms and conditions as those applicable to similarly situated senior executives. In addition, during the Employment Period, the Executive shall be eligible to participate in any retirement, savings and other employee benefit plans and programs maintained from time to time by the Company for the benefit of its senior executive officers. Nothing contained in this Section 2(b)(v) shall create or be deemed to create any obligation on the part of the Company to adopt or maintain any health, welfare, retirement or other benefit plan or program at any time or to create any limitation on the Company's ability to modify or terminate any such plan or program.

(v) Expenses. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable business expenses incurred by the Executive in connection with the performance of the Executive's duties under this Agreement in accordance with the policies, practices and procedures of the Company provided to employees of the Company.

(vi) Fringe Benefits. During the Employment Period, the Executive shall be eligible to receive such fringe benefits and perquisites as are provided by the Company to its employees from time to time, in accordance with the policies, practices and procedures of the Company, and shall receive such additional fringe benefits and perquisites as the Company may, in its discretion, from time-to-time provide to its senior executive officers.

(vii) Vacation. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the plans, policies, programs and practices of the Company applicable to its employees, as in effect from time to time.

3. Termination of Employment.

(a) Death or Disability. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. Either the Company or the Executive may terminate the Executive's employment in the event of the Executive's Disability during the Employment Period.

(b) Termination by the Company. The Company may terminate the Executive's employment at any time during the Employment Period for Cause or without Cause.

(c) Termination by the Executive. The Executive may terminate the Executive's employment at any time during the Employment Period with Good Reason or without Good Reason.

(d) Notice of Termination. Any termination of employment (other than due to the Executive's death), shall be communicated by a Notice of Termination to the other parties hereto given in accordance with Section 12(b) hereof. The failure by the Executive or the Company to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Company, respectively, hereunder or preclude the Executive or the Company, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Company's rights hereunder.

(e) Termination of Offices and Directorships; Return of Property. Upon termination of the Executive's employment for any reason, unless otherwise specified in a written agreement between the Executive and the Company, the Executive shall be deemed to have resigned from all offices, directorships, and other employment positions if any, then held with the Company, and shall take all actions reasonably requested by the Company to effectuate the foregoing. In addition, upon the termination of the Executive's employment for any reason, the Executive agrees to return to the Company all documents of the Company and its affiliates (and all copies thereof) and all other Company or Company affiliate property that the Executive has in the Executive's possession, custody or control. Such property includes, without limitation: (i) any materials of any kind that the Executive knows contain or embody any proprietary or confidential information of the Company or an affiliate of the Company (and all reproductions thereof), (ii) computers (including, but not limited to, laptop computers, desktop computers and similar devices) and other portable electronic devices (including, but not limited to, tablet computers), cellular phones/smartphones, credit cards, phone cards, entry cards, identification badges and keys, and (iii) any correspondence, drawings, manuals, letters, notes, notebooks, reports, programs, plans, proposals, financial documents, or any other documents concerning the customers, business plans, marketing strategies, products and/or processes of the Company or any of its affiliates and any information received from the Company or any of its affiliates regarding third parties.

4. Obligations of the Company upon Termination.

(a) Accrued Obligations. In the event that the Executive's employment under this Agreement terminates during the Employment Period for any reason, the Company will pay or provide to the Executive: (i) any earned but unpaid Base Salary and accrued vacation time, (ii) reimbursement of any business expenses incurred by the Executive prior to the Date of Termination that are reimbursable in accordance with Section 2(b)(v) hereof, (iii) payment of any earned but unpaid Annual Bonus for any calendar year completed prior to the Date of Termination and (iv) any vested amounts due to the Executive under any plan, program or policy of the Company (together, the "***Accrued Obligations***"); provided, however, that if the Executive's employment hereunder is terminated (X) by the Company for Cause or (Y) by the Executive without Good Reason and not for death or Disability, then Executive shall not be eligible to receive payment of any earned but unpaid Annual Bonus for any calendar year completed prior to the Date of Termination. The Accrued Obligations described in clauses (i) – (ii) of the preceding sentence shall be paid within 30 days after the Date of Termination (or such earlier date as may be required by applicable law), the Accrued Obligations described in clause (iii) of the preceding sentence shall be paid in the ordinary course pursuant to Section 2(b)(ii) (i.e., on the date on which annual bonuses are paid to the Company's senior executives generally for such calendar year) and the Accrued Obligations described in clause (iv) of the preceding sentence shall be paid in accordance with the terms of the governing plan or program.

(b) Qualifying Termination. Subject to Sections 4(c), 4(e) and 12(d), and the Executive's continued compliance with the obligations described in Section 7 hereof, if the Executive's employment with the Company is terminated during the Employment Period due to a Qualifying Termination, then in addition to the Accrued Obligations:

(i) *Cash Severance*. The Company shall pay the Executive an amount equal to 1.0 times the sum of the Executive's Base Salary (at the highest rate in effect at any time in the six months prior to the Date of Termination) and the Target Bonus for the calendar year in which the Date of Termination occurs (the "***Severance***"). The Severance shall be paid in substantially equal installments in accordance with the Company's normal payroll practices over the twelve-month period following the Date of Termination, but shall commence on the first normal payroll date following the effective date of the Release (as defined below), and amounts otherwise payable prior to such first payroll date shall be paid on such date without interest thereon.

(ii) *Pro-Rated Bonus*. The Company shall pay the Executive, in a single lump sum cash payment on the 60th day following the Date of Termination, an amount equal to a pro rata portion of the Executive's Target Bonus for the partial calendar year in which the Date of Termination occurs (prorated based on the number of days in the calendar year in which the Date of Termination occurs, through the Date of Termination).

(iii) *COBRA*. Subject to the Executive's valid election to continue healthcare coverage under Section 4980B of the Code, the Company shall continue to provide, during the COBRA Period, the Executive and the Executive's eligible dependents with coverage

under its group health plans at the same levels and the same cost to the Executive as would have applied if the Executive's employment had not been terminated based on the Executive's elections in effect on the Date of Termination, provided,however, that (A) if any plan pursuant to which such benefits are provided is not, or ceases prior to the expiration of the period of continuation coverage to be, exempt from the application of Section 409A under Treasury Regulation Section 1.409A-1(a)(5), or (B) the Company is otherwise unable to continue to cover the Executive under its group health plans without incurring penalties (including without limitation, pursuant to Section 2716 of the Public Health Service Act or the Patient Protection and Affordable Care Act), then, in either case, an amount equal to each remaining Company subsidy shall thereafter be paid to the Executive in substantially equal monthly installments over the continuation coverage period (or the remaining portion thereof). For purposes of this Agreement, "***COBRA Period***" shall mean the period beginning on the Date of Termination and ending on the first anniversary thereof.

(iv) *Equity Award Treatment*. All outstanding Holdings equity awards that vest solely on the passage of time that are held by the Executive on the Date of Termination (the "***Time-Vesting Awards***") shall vest and, to the extent applicable, become exercisable, on an accelerated basis as of the

Date of Termination with respect to the number of shares underlying such award that would have vested (and become exercisable, if applicable) had the Executive remained in continuous service beyond the Date of Termination for twelve additional months. Notwithstanding the foregoing, in the event that the Qualifying Termination occurs on or within 12 months following a Change in Control, then all Time-Vesting Awards shall become fully vested and, to the extent applicable, exercisable.

(c) Release. Notwithstanding the foregoing, it shall be a condition to the Executive's right to receive the amounts provided for in Section 4(b) hereof that the Executive execute and deliver to the Company (and, as applicable, not revoke) an effective release of claims in substantially the form attached hereto as Exhibit A (the "***Release***") (the date such Release becomes effective and irrevocable herein referred to as the "***Release Effective Date***"). For the avoidance of doubt, all equity awards eligible for accelerated vesting pursuant to Section 4(b) hereof shall remain outstanding and eligible to vest following the Date of Termination and shall actually vest and become exercisable (if applicable) and non-forfeitable upon the Release Effective Date.

(d) Other Terminations. If the Executive's employment is terminated for any reason not described in Section 4(b) hereof, the Company will pay the Executive only the Accrued Obligations.

(e) Six-Month Delay. Notwithstanding anything to the contrary in this Agreement, no compensation or benefits, including without limitation any severance payments or benefits payable under this Section 4, shall be paid to the Executive during the six-month period following the Executive's Separation from Service if the Company determines that paying such amounts at the time or times indicated in this Agreement would be a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code. If the payment of any such amounts is delayed as a result of the previous sentence, then on the first day of the seventh month following the date of Separation from Service (or such earlier date upon which such amount can be paid under Section 409A without resulting in a prohibited distribution, including as a result of the Executive's death), the Company shall pay the Executive a lump-sum amount equal to the cumulative amount that would have otherwise been payable to the Executive during such period.

(f) Exclusive Benefits. Except as expressly provided in this Section 4 and subject to Section 5 hereof, the Executive shall not be entitled to any additional payments or benefits upon or in connection with the Executive's termination of employment.

5. Non-Exclusivity of Rights. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

6. Excess Parachute Payments; Limitation on Payments.

(a) Best Pay Cap. Notwithstanding any other provision of this Agreement, in the event that any payment or benefit received or to be received by the Executive (including any payment or benefit received in connection with a termination of the Executive's employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement) (all such payments and benefits, including the payments and benefits under Section 4 hereof, being hereinafter referred to as the "***Total Payments***") would be subject (in whole or part), to the excise tax imposed under Section 4999 of the Code (the "***Excise Tax***"), then, the Total Payments shall be reduced, to the extent necessary so that no portion of the Total Payments is subject to the Excise Tax but only if (i) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments) is greater than or equal to (ii) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income taxes on such Total Payments and the amount of Excise Tax to which the Executive would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments). If the Total Payments are so reduced, the Company shall reduce or eliminate the Total Payments (A) by first reducing or eliminating the portion of the Total Payments which are not payable in cash (other than that portion of the Total Payments subject to clause (C) hereof), (B) then by reducing or eliminating cash payments (other than that portion of the Total Payments subject to clause (C) hereof) and (C) then by reducing or eliminating the portion of the Total Payments (whether payable in cash or not payable in cash) to which Treasury Regulation § 1.280G-1 Q/A 24(c) (or successor thereto) applies, in each case in reverse order beginning with payments or benefits which are to be paid the farthest in time.

(b) Certain Exclusions. For purposes of determining whether and the extent to which the Total Payments will be subject to the Excise Tax, (i) no portion of the Total Payments the receipt or enjoyment of which the Executive shall have waived at such time and in such manner as not to constitute a "payment" within the meaning of Section 280G(b) of the Code shall be taken into account; (ii) no portion of the Total Payments shall be taken into account which, in the written opinion of an independent, nationally recognized accounting firm (the "***Independent Advisors***") selected by the Company, does not constitute a "parachute payment" within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) and, in calculating the Excise Tax, no portion of such Total Payments shall be taken into account which, in the opinion of Independent Advisors, constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the "base amount" (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation; and (iii) the value of any non-cash benefit or any deferred payment or benefit included in the Total Payments shall be determined by the Independent Advisors in accordance with the principles of Sections 280G(d)(3) and (4) of the Code.

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7. Restrictive Covenants.

(a) The Executive hereby acknowledges that the Executive has entered into that certain Employee Inventions and Proprietary Information Agreement with the Company, effective as of April 6, 2020 (the "***PIIA***"), and that the Executive is and shall continue to be bound by the terms and conditions of the PIIA, and that such agreement shall be additional to, and not in limitation of, the covenants contained in any other written agreement between the Company and the Executive.

(b) Notwithstanding anything in this Agreement or the PIIA to the contrary, nothing contained in this Agreement shall prohibit either party (or either party's attorney(s)) from (i) filing a charge with, reporting possible violations of federal law or regulation to, participating in any investigation by, or cooperating with the U.S. Securities and Exchange Commission, the Financial Industry Regulatory Authority, the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the U.S. Commodity Futures Trading Commission, the U.S. Department of Justice or any other securities regulatory agency, self-regulatory authority or federal, state or local regulatory authority (collectively, "***Government Agencies***"), or making other disclosures that are protected under the whistleblower provisions of applicable law or regulation, (ii) communicating directly with, cooperating with, or providing information (including trade secrets) in confidence to any Government Agencies for the purpose of reporting or investigating a suspected violation of law, or from providing such information to such party's attorney(s) or in a sealed complaint or other document filed in a lawsuit or other governmental proceeding, and/or (iii) receiving an award for information provided to any Government Agency. Pursuant to 18 USC Section 1833(b), (1) the Executive will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (y) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (2) the Executive acknowledges that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order. Further, nothing in this Agreement is intended to or shall preclude either party from providing truthful testimony in response to a valid subpoena, court order, regulatory request or other judicial, administrative or legal process or otherwise as required by law. If the Executive is required to provide testimony, then unless otherwise directed or requested by a Government Agency or law enforcement, the Executive shall notify the Company as soon as reasonably practicable after receiving any such request of the anticipated testimony.

8. Representations. The Executive hereby represents and warrants to the Company that (a) the Executive is entering into this Agreement voluntarily and that the performance of the Executive's obligations hereunder will not violate any agreement between the Executive and any other person, firm, organization or other entity, or any policy, program or code of such other person, firm, organization or other entity person, and (b) the Executive is not bound by the terms of any agreement with any previous employer or other party to refrain from competing, directly or indirectly, with the business of such previous employer or other party that would be violated by the Executive's entering into this Agreement and/or providing services to the Company pursuant to the terms of this Agreement.

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9. Successors.

(a) This Agreement is personal to the Executive and, without the prior written consent of the Company, shall not be assignable by the Executive other than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its respective successors and assigns.

10. Certain Definitions.

(a) "***Board***" means the Board of Directors of Holdings.

(b) "***Cause***" means the occurrence of any one or more of the following events:

(i) the Executive's willful failure to substantially perform the Executive's duties with the Company (other than any such failure resulting from the Executive's incapacity due to physical or mental illness or any such actual or anticipated failure after the Executive's issuance of a Notice of Termination for Good Reason), including the Executive's failure to follow any lawful directive from the Company within the reasonable scope of the Executive's duties and the Executive's failure to correct the same (if capable of correction, as determined by the Company), within 30 days after a written notice is delivered to the Executive, which demand specifically identifies the manner in which the Company believes that the Executive has not performed the Executive's duties. For the avoidance of doubt, the Executive's failure to satisfy any specific performance goal or metric or the Company's failure to attain any specific level of financial performance shall not constitute a failure to perform for purposes of this clause (i);

(ii) the Executive's commission of, indictment for or entry of a plea of guilty or *nolo contendere* to a felony crime (excluding vehicular crimes) or a crime of moral turpitude;

(iii) the Executive's material breach of any material obligation under any written agreement with the Company or its affiliates or under any applicable policy of the Company or its affiliates that have been provided to or made available to the Executive (including any code of conduct or harassment policies), and the Executive's failure to correct the same (if capable of correction, as determined by the Company), within 30 days after a written notice is delivered to the Executive, which demand specifically identifies the manner in which the Company believes that the Executive has materially breached such agreement;

(iv) any act of fraud, embezzlement, theft or misappropriation from the Company or its affiliates by the Executive; or

(v) the Executive's willful misconduct or gross negligence with respect to any material aspect of the Company's business or a material breach by the Executive of the Executive's fiduciary duty to the Company or its affiliates, which willful misconduct, gross negligence or material breach has a material and demonstrable adverse effect on the Company or its subsidiaries.

(c) "***Change in Control***" has the meaning set forth in the Company's 2021 Incentive Award Plan.

(d) "***Code***" means the Internal Revenue Code of 1986, as amended and the regulations thereunder.

(e) "***Date of Termination***" means the date on which the Executive's employment with the Company terminates.

(f) "***Disability***" means that the Executive has become entitled to receive benefits under an applicable Company long-term disability plan or, if no such plan covers the Executive, the Executive's inability, due to physical or mental illness, to perform the essential functions of the Executive's job, with or without a reasonable accommodation for 180 consecutive days.

(g) "***Good Reason***" means the occurrence of any one or more of the following events without the Executive's prior written consent, unless the Company fully corrects the circumstances constituting Good Reason (provided such circumstances are capable of correction) as provided below:

(i) a material diminution in the Executive's Base Salary or Target Bonus, other than as part of an across-the-board reduction applicable to the Company's senior executives, and further excluding any voluntary reductions in Base Salary and/or Target Bonus;

(ii) a change in the geographic location of the Principal Location by more than 35 miles from its existing location by action of the Company;

(iii) a material diminution in the Executive's title, authority or duties, as contemplated by this Agreement, excluding for this purpose any isolated, insubstantial or inadvertent actions not taken in bad faith and which are remedied by the Company promptly after receipt of notice thereof given by the Executive; or

(iv) the Company's material breach of this Agreement.

(v) Notwithstanding the foregoing, the Executive will not be deemed to have resigned for Good Reason unless (1) the Executive provides the Company with written notice setting forth in reasonable detail the facts and circumstances claimed by the Executive to constitute Good Reason within 45 days after the date of the occurrence of any event that the Executive knows or should reasonably have known to constitute Good Reason, (2) the Company fails to cure such acts or omissions within 30 days following its receipt of such notice, and (3) the effective date of the Executive's termination for Good Reason occurs no later than 60 days after the expiration of the Company's cure period.

(h) "***Notice of Termination***" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination is other than the date of such notice, specifies the termination date (which date shall be not more than 30 days after the giving of such notice unless as otherwise provided upon a termination for Good Reason).

(i) "***Qualifying Termination***" means a termination of the Executive's employment (i) by the Company without Cause (other than by reason of the Executive's death or Disability) or (ii) by the Executive for Good Reason.

(j) "***Section 409A***" means Section 409A of the Code and Department of Treasury regulations and other interpretive guidance issued thereunder.

(k) "***Separation from Service***" means a "separation from service" (within the meaning of Section 409A).

11. Indemnification. The Company shall indemnify the Executive to the fullest extent permitted by applicable law in the event that the Executive was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, by reason of the fact that the Executive is or was a director, officer, employee or agent of the Company or any of its affiliates, whether or not the claim is asserted during the Employment Period. The Executive shall be covered under any directors' and officers' insurance that the Company maintains for its directors and other officers in the same manner and on the same basis as the Company's directors and other officers.

12. Miscellaneous.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect.

(b) Notices. All notices and other communications hereunder shall be in writing and shall be effective (i) when delivered in person or (ii) two business days after sent via email or United States mail, postage prepaid, addressed as follows:

If to the Executive: at the Executive's most recent physical address or personal email address on the records of the Company.

If to the Company:

Oscar Health, Inc.
75 Varick Street, 5th Floor
New York, NY 10013
Attention: General Counsel
Email: corporate@hioscar.com or to such other address as either party shall have furnished to the other in writing in accordance herewith.

(c) Sarbanes-Oxley Act of 2002. Notwithstanding anything herein to the contrary, if the Company determines, in its good faith judgment, that any transfer or deemed transfer of funds hereunder is likely to be construed as a personal loan prohibited by Section 13(k) of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the "***Exchange Act***"), then such transfer or deemed transfer shall not be made to the extent necessary or appropriate so as not to violate the Exchange Act and the rules and regulations promulgated thereunder.

(d) Section 409A of the Code.

(i) To the extent applicable, this Agreement shall be interpreted in accordance with Section 409A. Notwithstanding any provision of this Agreement to the contrary, if the Company determines that any compensation or benefits payable under this Agreement may be subject to Section 409A, the Company shall work in good faith with the Executive to adopt such amendments to this Agreement or adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take any other actions, that the Company determines are necessary or appropriate to avoid the imposition of taxes under Section 409A, including without limitation, actions intended to (i) exempt the compensation and benefits payable under this Agreement from Section 409A, and/or (ii) comply with the requirements of Section 409A; provided, however, that this Section 12(d) shall not create an obligation on the part of the Company to adopt any such amendment, policy or procedure or take any such other action, nor shall the Company have any liability for failing to do so.

(ii) Any right to a series of installment payments pursuant to this Agreement is to be treated as a right to a series of separate payments. To the extent permitted under Section 409A, any separate payment or benefit under this Agreement or otherwise shall not be deemed "nonqualified deferred compensation" subject to Section 409A to the extent provided in the exceptions in Treasury Regulation Section 1.409A-1(b)(4), Section 1.409A-1(b)(9) or any other applicable exception or provision of Section 409A. Any payments subject to Section 409A that are subject to execution of a waiver and release which may be executed and/or revoked in a calendar year following the calendar year in which the payment event (such as termination of employment) occurs shall commence payment only in the calendar year in which the consideration period or, if applicable, release revocation period ends, as necessary to comply with Section 409A. All payments of nonqualified deferred compensation subject to Section 409A to be made upon a termination of employment under this Agreement may only be made upon the Executive's Separation from Service.

(iii) To the extent that any payments or reimbursements provided to the Executive under this Agreement are deemed to constitute compensation to the Executive to which Treasury Regulation Section 1.409A-3(i)(1)(iv) would apply, such amounts shall be paid or reimbursed reasonably promptly, but not later than December 31 of the year following the year in which the expense was incurred. The amount of any such payments eligible for reimbursement in one year shall not affect the payments or expenses that are eligible for payment or reimbursement in any other taxable year, and the Executive's right to such payments or reimbursement of any such expenses shall not be subject to liquidation or exchange for any other benefit.

(e) Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(f) Withholding. The Company may withhold from any amounts payable under this Agreement such federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(g) No Waiver. The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate

employment for Good Reason pursuant to Section 3(c) hereof, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(h) Entire Agreement. This Agreement (including the PIIA), constitutes the final, complete and exclusive agreement between the Executive and the Company with respect to the subject matter hereof and replaces and supersedes any and all other agreements, offers or promises, whether oral or written, by any member of the Company and its subsidiaries or affiliates, or representative thereof. Notwithstanding anything herein to the contrary, this Agreement and the obligations and commitments hereunder shall neither commence nor be of any force or effect prior to the Effective Date.

(i) Arbitration.

(i) Any controversy or dispute that establishes a legal or equitable cause of action ("***Arbitration Claim***") between any two or more Persons Subject to Arbitration (as defined below), including any controversy or dispute, whether based on contract, common law, or federal, state or local statute or regulation, arising out of, or relating to the Executive's service or the termination thereof, shall be submitted to final and binding arbitration as the sole and exclusive remedy for such controversy or dispute in accordance with the rules of JAMS pursuant to its Employment Arbitration Rules and Procedures, which are available at http://www.jamsadr.com/rules-employment-arbitration/, and the Company will provide a copy upon the Executive's request. Notwithstanding the foregoing, this Agreement shall not require any Person Subject to Arbitration to arbitrate pursuant to this Agreement any claims: (A) under a Company benefit plan subject to the Employee Retirement Income Security Act, as amended; or (B) as to which applicable law not preempted by the Federal Arbitration Act prohibits resolution by binding arbitration. Either party may seek provisional non-monetary remedies in a court of competent jurisdiction to the extent that such remedies are not available or not available in a timely fashion through arbitration. It is the parties' intent that issues of arbitrability of any dispute shall be decided by the arbitrator.

(ii) "***Persons Subject to Arbitration***" means, individually and collectively, (A) the Executive, (B) any person in privity with or claiming through, on behalf of or in the right of the Executive, (C) the Company, (D) any past, present or future affiliate, employee, officer, director or agent of the Company, and/or (E) any person or entity alleged to be acting in concert with or to be jointly liable with any of the foregoing.

(iii) The arbitration shall take place before a single neutral arbitrator at the JAMS office in New York, New York. Such arbitrator shall be provided through JAMS by mutual agreement of the parties to the arbitration; provided that, absent such agreement, the arbitrator shall be selected in accordance with the rules of JAMS then in effect. The arbitrator shall permit reasonable discovery. The award or decision of the arbitrator shall be rendered in writing; shall be final and binding on the parties; and may be enforced by judgment or order of a court of competent jurisdiction.

(iv) THE EXECUTIVE AND THE COMPANY UNDERSTAND THAT BY AGREEING TO ARBITRATE ANY ARBITRATION CLAIM, THEY WILL NOT HAVE THE RIGHT TO HAVE ANY ARBITRATION CLAIM DECIDED BY A JURY OR A COURT, BUT SHALL INSTEAD HAVE ANY ARBITRATION CLAIM DECIDED THROUGH ARBITRATION.

(v) THE EXECUTIVE AND THE COMPANY WAIVE ANY CONSTITUTIONAL OR OTHER RIGHT TO BRING CLAIMS COVERED BY THIS AGREEMENT OTHER THAN IN THEIR INDIVIDUAL CAPACITIES. EXCEPT AS MAY BE PROHIBITED BY LAW, THIS WAIVER INCLUDES THE ABILITY TO ASSERT CLAIMS AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE PROCEEDING.

(vi) This Section 12(i) shall be interpreted to conform to any applicable law concerning the terms and enforcement of agreements to arbitrate service disputes. To the extent any terms or conditions of this Section 12(i) would preclude its enforcement, such terms shall be severed or interpreted in a manner to allow for the enforcement of this Section 12(i). To the extent applicable law imposes additional requirements to allow enforcement of this Section 12(i), this Agreement shall be interpreted to include such terms or conditions.

(j) Amendment; Survival. No amendment or other modification of this Agreement shall be effective unless made in writing and signed by the parties hereto. The respective rights and obligations of the parties under this Agreement shall survive the Executive's termination of employment and the termination of this Agreement to the extent necessary for the intended preservation of such rights and obligations.

(k) Counterparts. This Agreement and any agreement referenced herein may be executed in two or more counterparts, each of which shall be deemed an original but which together shall constitute one and the same instrument.

[**SIGNATURES APPEAR ON FOLLOWING PAGE**]

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from the Board, each of Holdings and OpCo has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

OSCAR HEALTH, INC.

By:/s/ Mark Bertolini
Name: Mark Bertolini
Title: Chief Executive Officer

OSCAR MANAGEMENT CORPORATION

By:/s/ Mark Bertolini
Name: Mark Bertolini
Title: Chief Executive Officer

EXECUTIVE

/s/ Steven Wolin
Steven Wolin

Attachment:
Exhibit A: General Release

EXHIBIT A
GENERAL RELEASE

1. Release For valuable consideration, the receipt and adequacy of which are hereby acknowledged, the undersigned, on the undersigned's own behalf and on behalf of the undersigned's spouse, domestic partner, children, agents, heirs, executors, administrators, beneficiaries, trustees, legal representatives, and assigns, does hereby release and forever discharge the "***Releasees***" hereunder, consisting of Oscar Health, Inc., a Delaware corporation ("***Holdings***") and Oscar Management Corporation (together with Holdings, the "***Company***"), and the Company's partners, subsidiaries, associates, affiliates, predecessors, successors, heirs, assigns, agents, directors, officers, employees, representatives, lawyers, insurers, shareholders, employee benefit plans, administrators, fiduciaries, and all persons acting by, through, under or in concert with them, or any of them, of and from any and all manner of action or actions, cause or causes of action, in law or in equity, suits, debts, liens, contracts, agreements, promises, liability, claims, demands, damages, losses, costs, attorneys' fees or expenses, of any nature whatsoever, known or unknown, fixed or contingent (hereinafter called "***Claims***"), which the undersigned now has or may hereafter have against the Releasees, or any of them, by reason of any matter, cause, or thing whatsoever from the beginning of time to the date hereof. The Claims released herein include, without limiting the generality of the foregoing, any Claims in any way arising out of, based upon, or related to the employment or termination of employment of the undersigned by

the Releasees, or any of them; any alleged breach of any express or implied contract of employment; any alleged torts or other alleged legal restrictions on Releasees' right to terminate the employment of the undersigned; and any alleged violation of any federal, state or local laws or regulations including, without limitation, Title VII of the Civil Rights Act of 1964, the Equal Pay Act, the Americans With Disabilities Act, the Age Discrimination in Employment Act (as amended by the Older Workers Benefit Protection Act) (the "***ADEA***"), the Employee Retirement Income Security Act of 1974, the Family and Medical Leave Act, the Worker Adjustment and Retraining Notification Act, the National Labor Relations Act, the Occupational Health and Safety Act, the New York State Human Rights Law, the New York City Human Rights Law, the New York State Whistleblower Statute, and/or the New York Labor Law, and any and all laws or regulations prohibiting employment discrimination, harassment, or retaliation.

2. Claims Not Released. Notwithstanding the foregoing, this general release (the "***Release***") shall not operate to release any rights or claims of the undersigned (i) to payments or benefits under Section 4(b) of that certain Employment Agreement, dated as of May 2, 2024, between the Company and the undersigned (the "***Employment Agreement***"), with respect to the payments and benefits provided in exchange for this Release, (ii) to payments or benefits under any equity award agreement between the undersigned and Holdings or as a holder of any securities of Holdings, (iii) with respect to Section 4(a) of the Employment Agreement, (iv) to accrued or vested benefits the undersigned may have, if any, as of the date hereof under any applicable plan, policy, practice, program, contract or agreement with the Company, (v) to any Claims, including claims for indemnification and/or advancement of expenses arising under any indemnification agreement between the undersigned and the Company or under the bylaws, certificate of incorporation or other similar governing document of the Company, (vi) to any Claims which cannot be waived by an employee under applicable law or (vii) with respect to the undersigned's right to communicate directly with, cooperate with, or provide information to, any federal, state or local government regulator. In addition, nothing in this Release prevents the undersigned from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct the undersigned has reason to believe is unlawful.

3. Exceptions. Notwithstanding anything in this Release to the contrary, nothing contained in this Release shall prohibit the undersigned from (i) filing a charge with, reporting possible violations of

federal law or regulation to, participating in any investigation by, or cooperating with any governmental agency or entity or making other disclosures that are protected under the whistleblower provisions of applicable law or regulation and/or (ii) communicating directly with, cooperating with, or providing information (including trade secrets) in confidence to, any federal, state or local government regulator (including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Commodity Futures Trading Commission, or the U.S. Department of Justice) for the purpose of reporting or investigating a suspected violation of law, or from providing such information to the undersigned's attorney or in a sealed complaint or other document filed in a lawsuit or other governmental proceeding. Pursuant to 18 USC Section 1833(b), (1) the undersigned will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made: (x) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney, and solely for the purpose of reporting or investigating a suspected violation of law; or (y) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal and (2) the undersigned acknowledges that an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual files any document containing the trade secret under seal and does not disclose the trade secret, except pursuant to court order.

4. Representations. The undersigned represents and warrants that there has been no assignment or other transfer of any interest in any Claim which the undersigned may have against Releasees, or any of them, and the undersigned agrees to indemnify and hold Releasees, and each of them, harmless from any liability, Claims, demands, damages, costs, expenses and attorneys' fees incurred by Releasees, or any of them, as the result of any such assignment or transfer or any rights or Claims under any such assignment or transfer. It is the intention of the parties that this indemnity does not require payment as a condition precedent to recovery by the Releasees against the undersigned under this indemnity.

5. No Action. The undersigned agrees that if the undersigned hereafter commences any suit arising out of, based upon, or relating to any of the Claims released hereunder or in any manner asserts against Releasees, or any of them, any of the Claims released hereunder, then the undersigned agrees to pay to Releasees, and each of them, in addition to any other damages caused to Releasees thereby, all attorneys' fees incurred by Releasees in defending or otherwise responding to said suit or Claim. Notwithstanding the foregoing, this provision shall not apply to any suit or Claim to the extent is challenges the effectiveness of this release with respect to a claim under the ADEA.

6. No Admission. The undersigned further understands and agrees that neither the payment of any sum of money nor the execution of this Release shall constitute or be construed as an admission of any liability whatsoever by the Releasees, or any of them, who have consistently taken the position that they have no liability whatsoever to the undersigned.

7. OWBPA. The undersigned agrees and acknowledges that this Release constitutes a knowing and voluntary waiver and release of all Claims the undersigned has or may have against the Company and/or any of the Releasees as set forth herein, including, but not limited to, all Claims arising under the Older Workers Benefit Protection Act and the ADEA. In accordance with the Older Workers Benefit Protection Act, the undersigned is hereby advised as follows:

(i) the undersigned has read the terms of this Release, and understands its terms and effects, including the fact that the undersigned agreed to release and forever discharge the Company and each of the Releasees, from any Claims released in this Release;

(ii) the undersigned understands that, by entering into this Release, the undersigned does not waive any Claims that may arise after the date of the undersigned's execution of this Release, including without limitation any rights or claims that the undersigned may have to secure enforcement of the terms and conditions of this Release;

(iii) the undersigned has signed this Release voluntarily and knowingly in exchange for the consideration described in this Release, which the undersigned acknowledges is adequate and satisfactory to the undersigned and which the undersigned acknowledges is in addition to any other benefits to which the undersigned is otherwise entitled;

(iv) the Company hereby advises the undersigned to consult with an attorney prior to executing this Release;

(v) the undersigned has been given at least [21][1] days in which to review and consider this Release. To the extent that the undersigned chooses to sign this Release prior to the expiration of such period, the undersigned acknowledges that the undersigned has done so voluntarily, had sufficient time to consider the Release, to consult with counsel and that the undersigned does not desire additional time and hereby waives the remainder of the [21]-day period; and

(vi) the undersigned may revoke this Release within seven days from the date the undersigned signs this Release and this Release will become effective upon the expiration of such seven-day period if the undersigned has not revoked this Release during such seven-day period. If the undersigned revokes this Release during such seven-day period, this Release will be null and void and of no force or effect on either the Company or the undersigned and the undersigned will not be entitled to any of the payments or benefits which are expressly conditioned upon the execution and non-revocation of this Release. Any revocation must be in writing and sent to [*name*], via electronic mail at [*email address*], on or before [5:00 p.m. Eastern time] on the seventh day after this Release is executed by the undersigned.

8. Acknowledgement. The undersigned acknowledges that different or additional facts may be discovered in addition to what is now known or believed to be true by the undersigned with respect to the matters released in this Release, and the undersigned agrees that this Release shall be and remain in effect in all respects as a complete and final release of the matters released, notwithstanding any different or additional facts

9. Governing Law. This Release is deemed made and entered into in the State of New York, and in all respects shall be interpreted, enforced and governed under the internal laws of the State of New York, to the extent not preempted by federal law.

IN WITNESS WHEREOF, the undersigned has executed this Release this ____ day of ___________, ____.

____
Steven Wolin

[1] NTD: Use 45 days in a group termination, and include information regarding terminated positions.

Exhibit 31.1

CERTIFICATION

I, Mark T. Bertolini, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Oscar Health, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: November 7, 2023 May 7, 2024

By: /s/ Mark T. Bertolini

Mark T. Bertolini

Chief Executive Officer

(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, R. Scott Blackley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Oscar Health, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: November 7, 2023 May 7, 2024

By: /s/ R. Scott Blackley

R. Scott Blackley
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Oscar Health, Inc. (the "Company") for the period ended September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: November 7, 2023 May 7, 2024

By: /s/ Mark T. Bertolini

Mark T. Bertolini
Chief Executive Officer
(Principal Executive Officer)

Exhibit 32.2

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

In connection with the Quarterly Report on Form 10-Q of Oscar Health, Inc. (the “Company”) for the period ended September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: November 7, 2023 May 7, 2024

By: /s/ R. Scott Blackley

R. Scott Blackley
Chief Financial Officer
(Principal Financial Officer)

DISCLAIMER

THE INFORMATION CONTAINED IN THE REFINITIV CORPORATE DISCLOSURES DELTA REPORT™ IS A COMPARISON OF TWO FINANCIALS PERIODIC REPORTS. THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORT INCLUDING THE TEXT AND THE COMPARISON DATA AND TABLES. IN NO WAY DOES REFINITIV OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED IN THIS REPORT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S ACTUAL SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.