REFINITIV

DELTA REPORT

10-K

MODV - MODIVCARE INC

10-K - DECEMBER 31, 2023 COMPARED TO 10-K - DECEMBER 31, 2022

The following comparison report has been automatically generated

TOTAL DELTAS	3784
CHANGES	501
DELETIONS	1659
ADDITIONS	1624

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 2022 December 31, 2023

OR

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

For the transition period from ______to ______

Commission File Number 001-34221

ModivCare Inc.

(Exact name of registrant as specified in its charter)

Delaware	**86-0845127**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

6900 E Layton Avenue, 12th Floor, Denver, Colorado 80237

(Address of principal executive offices) (Zip Code)

(303) 728-7030 728-7012

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of exchange on which registered
Common Stock, $0.001 par value per share	MODV	The NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. ☐ Yes ☒ No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. ☐ Yes ☒ No

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 (§223.405 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 has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

The aggregate market value of the voting and non-voting common equity of the registrant held by non-affiliates computed by reference to the price at which the common equity was last sold on The NASDAQ Global Select Market as of the last business day of the registrant’s most recently completed second fiscal quarter was $1,175.9 million $635.0 million.

As of February 20, 2023 February 16, 2024, there were 14,147,328 14,198,141 shares outstanding (excluding treasury shares of 5,428,760) 5,424,587) of the registrant’s common stock, $0.001 par value per share.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated by reference into Part III of this Annual Report on Form 10-K: the registrant’s definitive proxy statement to be filed with the Securities and Exchange Commission under cover of Schedule 14A with respect to the registrant’s 2023 2024 Annual Meeting of Stockholders; provided, however, that if such proxy statement is not filed on or before April 30, 2023 April 29, 2024, such information will be included in an amendment to this Annual Report on Form 10-K filed on or before such date.

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Part I

In this Annual Report on Form 10-K (this "Annual Report"), the words the “Company”, the “registrant”, “we”, “our”, “us”, “ModivCare” and similar terms refer to ModivCare Inc. and, except as otherwise specified herein, its consolidated subsidiaries. When such terms are used in reference to the Company’s common stock, $0.001 par value per share, or our “Common Stock”, we are referring specifically and only to the capital stock of ModivCare Inc.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains statements that may be deemed “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Rule 175 promulgated thereunder, and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), and Rule 3b-6 promulgated thereunder, including statements related to the Company’s strategies or expectations about revenues, liabilities, results of operations, cash flows, ability to fund operations, profitability, ability to meet financial covenants, contracts or market opportunities. The Company may also make forward-looking statements in other reports and statements filed with the Securities and Exchange Commission (the “SEC”), in materials delivered to stockholders and in press releases. In addition, the Company’s representatives may from time to time make oral forward-looking statements. In many cases, you may identify forward looking-statements by words such as “may”, “will”, “should”, “could”, “expect”, “plan”, “project”, “intend”, “anticipate”, “believe”, “seek”, “estimate”, “predict”, “potential”, “target”, “forecast”, “likely”, the negative of such terms or comparable terminology. In addition, statements that are not historical statements of fact should also be considered forward-looking statements. These forward-looking statements are based on the Company’s current expectations, assumptions, estimates and projections about its business and industry, and involve risks, uncertainties and other factors that may cause actual events to be materially different from those expressed or implied by such forward-looking statements. The factors included below under the caption “Summary Risk Factors” and described in further detail below under Item 1A. *Risk Factors* in Part I of this Annual Report on Form 10-K are included among such risks and uncertainties.

You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made and are expressly qualified in their entirety by the cautionary statements set forth herein. The Company is under no obligation to (and expressly disclaims any such obligation to) update any of the information in any forward-looking statement if such forward-looking statement later turns out to be inaccurate, whether as a result of new information, future events or otherwise, except to the extent otherwise required by applicable law. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

SUMMARY OF RISK FACTORS

An investment in shares of our common stock involves a high degree of risk. If any of the factors listed below and described in more detail with the other identified risk factors included in the section entitled "Risk Factors" under Item 1A of this Annual Report on Form 10-K occurs, our business, financial condition, liquidity, results of operations and prospects could be materially adversely affected. In that case, the market price of our common stock could decline, and you could lose some or all of your investment. Some of the most material risks relating to an investment in our common stock include the impact or effect on our Company and its operating results, or its investors, of:

Risks Related to Our Industry

- government or private insurance program funding reductions or limitations;
- alternative payment models or the transition of Medicaid and Medicare beneficiaries to Managed Care Organizations;
- our inability to control reimbursement rates received for our services;
- cost containment initiatives undertaken by private third-party payors and an inability to maintain or reduce our cost of services below rates set forth by our payors;
- the effects of a public health emergency; and
- inadequacies in, or security breaches of, our information technology systems, including the systems intended to protect our clients' privacy and confidential information; and
- the effects of a public health emergency;

Risks Related to Our Business and Operations

- any changes in the funding, financial viability or our relationships with our payors;
- pandemics, and other infectious diseases, including the COVID-19 pandemic;
- disruptions to our contact center operations caused by health epidemics or pandemics like COVID-19;
- delays in collection, or non-collection, of our accounts receivable, particularly during any business integration;
- an impairment of our goodwill and long-lived assets;
- any failure to maintain or to develop reliable, efficient and secure information technology systems;
- an inability to attract and retain qualified employees;
- any acquisition or acquisition integration efforts;
- weakening of general economic conditions in the markets in which we do business, including the impact of inflationary pressures, rising interest rates, labor shortages, higher labor costs, and supply chain challenges;
- estimated income taxes being different from income taxes that we ultimately pay; and
- pandemics, and other infectious diseases, including the COVID-19 pandemic;

Risks Related to Our NEMT Segment

- our contracts not surviving until the end of their stated terms, or not being renewed or extended;
- our failure to compete effectively in the marketplace;
- our not being awarded contracts through the government's requests for proposals process, or our awarded contracts not being profitable;
- any failure to satisfy our contractual obligations or to maintain existing pledged performance and payment bonds;
- a failure to estimate accurately the cost of performing our contracts;
- any misclassification of the drivers we engage as independent contractors rather than as employees; and
- significant interruptions in our communication and data services;

Risks Related to Our Personal Care PCS Segment

- not successfully executing on our strategies in the face of our competition;
- any inability to maintain relationships with existing patient referral sources;
- certificates of need, or CON, laws or other regulatory and licensure obligations that may adversely affect our personal care integration efforts and expansion into new markets;
- any failure to obtain the consent of the New York Department of Health to manage the day to day operations of our licensed in-home personal care services agency business;
- changes in the case-mix of our personal care patients, or changes in payor mix or payment methodologies;
- our loss of existing favorable managed care contracts;
- our experiencing labor shortages in qualified employees and management;
- labor disputes or disruptions, in particular in New York; and
- becoming subject to malpractice, professional negligence or other similar claims;

Risks Related to Our Remote Patient Monitoring RPM Segment

- our operating in the competitive remote patient monitoring industry, and failing to develop and enhance related technology applications; and

- any failure to innovate and provide services that are useful to customers and to achieve and maintain market acceptance;

Risks Related to Our Corporate and Other Segment

- our lack of sole decision-making authority with respect to our minority investment in Matrix and any failure by Matrix to achieve positive financial position and results of operations;
- our investment in innovation includes the provision of virtual clinical care management services ("MSO") through an unaffiliated professional corporation ("PC") owned and operated by a licensed physician and our relationships or arrangements with the PC could become subject to legal challenges;
- the MSO, the PC, and medical practitioners providing virtual clinical care services may become subject to medical liability claims;
- any failure to comply with applicable data interoperability and information blocking rules; and
- failure for telehealth flexibilities currently permitted under the Consolidated Appropriations Act of 2023 to be extended, which would limit our ability for new patient encounters to occur;

Risks Related to Governmental Regulations

- the cost of our compliance or non-compliance with existing laws;
- changes to the regulatory landscape applicable to our businesses; businesses including the proposed ruling by the Centers for Medicare and Medicaid Services ("CMS") titled *Ensuring Access to Medicaid Services*;
- a loss of Medicaid coverage by a significant number of Medicaid beneficiaries as a result of the restart of the Medicaid eligibility redetermination process following the expiration of continuous coverage requirements under the Families First Coronavirus Response Act (2020);
- changes in budgetary priorities of the government entities or private insurance programs that fund our services;
- regulations relating to privacy and security of patient and service user information;
- actions for false claims or recoupment of funds;
- civil penalties or loss of business for failing to comply with bribery, corruption and other regulations governing business with public organizations;
- 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;
- changes to, or violations of, licensing regulations, including regulations governing surveys and audits; and
- our contracts being subject to audit and modification by the payors with whom we contract, at their sole discretion; and
- a loss of Medicaid coverage by a significant number of Medicaid beneficiaries following the expiration of the COVID-19 public health emergency under the Families First Coronavirus Response Act (2020);

Risks Related to Our Indebtedness and Economic Conditions

- our existing debt agreements containing restrictions financial covenants and cross-default provisions that limit our flexibility in operating our business;
- our substantial indebtedness and lease obligations; obligations and ability to generate sufficient cash to service our indebtedness;
- any expiration of our New Credit Agreement (as defined below) or loss of available financing alternatives; and
- our ability to incur substantial additional indebtedness;

Risks Related to Our Common Stock

- the results of the remediation of our identified material weaknesses in internal control over financial reporting;
- future sales of shares of our common stock by existing stockholders;
- our stock price volatility;
- our dependence on our subsidiaries to fund our operations and expenses;
- securities analysts failing to publish research or publishing misleading or unfavorable research about us; and
- anti-takeover provisions could discourage a change of control of our company and affect the trading price of our stock.

The foregoing risk factors are not necessarily all of the factors that could cause our actual results, performance or achievements to differ materially from expectations. Other unknown or unpredictable factors also could harm our results. Investors and other interested parties are encouraged to read the information included under the section captioned “Risk

Factors” below, which describes other risk factors not summarized above, in its entirety before making an investment decision about our securities.

Item 1. *Business.*

Overview

ModivCare Inc. ("ModivCare" or the "Company") is a technology-enabled healthcare services company that provides a suite of integrated supportive care solutions for public and private payors and their members. Its value-based solutions address the social determinants of health or SDoH, connect ("SDoH") by connecting members to essential care help services. By doing so, ModivCare helps health plans manage risks, reduce costs, and improve health outcomes. ModivCare is a provider of non-emergency medical transportation or NEMT, ("NEMT"), personal care services ("PCS"), and remote patient monitoring or RPM, solutions ("RPM"), which serve similar, highly vulnerable patient populations. The technology-enabled operating model in its NEMT segment includes NEMT the coordination of non-emergency medical transportation services supported by an infrastructure of core competencies in risk underwriting, contact center management, network credentialing, claims management and non-emergency medical transportation claims management. Additionally, services provided in its personal care services PCS segment include placements of non-medical personal care assistants, home health aides and nurses primarily to Medicaid patient populations in need of care monitoring and assistance performing daily living activities in the home setting, including senior citizens and disabled adults. setting. ModivCare's remote patient monitoring services solutions in its RPM segment include the monitoring of personal emergency response systems ("PERS"), vitals monitoring, medication management and data-driven patient engagement solutions. ModivCare is further expanding its offerings to include meal delivery and working with communities to provide meals to food-insecure individuals.

ModivCare also holds a 43.6% minority interest in CCHN Group Holdings, Inc. and its subsidiaries, which operates under the Matrix Medical Network brand ("Matrix"). Matrix, which is included in our its Corporate and Other segment, maintains a national network of community-based clinicians who deliver in-home and on-site services, and a fleet of mobile health clinics that provide community-based care with advanced diagnostic capabilities and enhanced care options. services.

Our Development

ModivCare Inc. is a Delaware corporation that was formed in 1996. The Company completed its initial public offering, or IPO, of its common stock in August 2003 and its shares have been listed for trading on the Nasdaq Stock Market, or NASDAQ, since its IPO. ModivCare's shares of common stock currently trade on the NASDAQ Global Select Market under the ticker symbol "MODV".

ModivCare has grown its business since its IPO into the company it is today through organic growth as well as a series of acquisitions and divestitures of companies operating primarily in related, or tangentially related, industries, as follows, with respect to its continuing operations:

- In December 2007, we acquired all of the outstanding equity of Charter LCI Corporation, the parent company of LogistiCare, Inc. (now ModivCare Solutions, LLC), which formed the foundation of our NEMT business and NEMT segment operations, for cash and 418,952 shares of our common stock totaling approximately $220.0 million;
- In October 2014, we acquired all of the outstanding equity of Matrix for cash and common stock totaling approximately $390.7 million, and subsequently in October 2016, affiliates of Frazier Healthcare Partners (Frazier) obtained a 53.2% majority interest in Matrix through a stock subscription, and we received a distribution from Matrix totaling approximately $381.2 million;
- In September 2018, we acquired all of the outstanding equity not already owned by us of Circulation, Inc., which extended our business to include an NEMT technology platform that allows for real time notifications to members on their mobile devices, integration with a wide variety of advanced traffic management systems, or ATMS, and transportation network companies, real time ride tracking, network management and analytics, for cash totaling approximately $45.1 million;
- In May 2020, we acquired all of the outstanding equity of National MedTrans, LLC, or NMT, which expanded our NEMT business to include more than five million trips to its approximately two million members on behalf of state Medicaid agencies and Managed Care Organizations (MCOs) across 12 states, for cash totaling approximately $80.0 million;
- In November 2020, we acquired all of the outstanding equity of OEP AM, Inc., a Delaware corporation doing business as Simplura Health Group, or Simplura, which formed the foundation of our personal care business and Personal Care PCS segment operations, for cash totaling approximately $575.0 million subject to customary adjustments;
- In May 2021, we acquired the transportation management software WellRyde from nuVizz which increased the Company's technology platform for its NEMT network, for cash totaling approximately $12.0 million;

- In September 2021, we acquired all of the outstanding equity of Care Finders Total Care, or Care Finders, which added to our existing Personal Care PCS segment operations, for cash totaling approximately $340.0 million subject to customary adjustments;
- In September 2021, we acquired all of the outstanding equity of VRI Intermediate Holdings, LLC, or VRI, which formed the foundation of our remote patient monitoring business and RPM segment operations, for cash totaling approximately $315.0 million subject to customary adjustments;

- In May 2022, we acquired all of the outstanding equity of Guardian Medical Monitoring, or GMM, which expanded our remote patient monitoring business and RPM segment operations, for cash totaling approximately $71.3 million subject to customary adjustments;
- In May 2022, we acquired customer contracts from an entity in the personal care PCS segment, which expanded our personal care PCS segment operations, for cash totaling approximately $7.6 million subject to customary adjustments; and
- In March 2023, we acquired developed technology in the Corporate and Other segment, which was an investment in innovation related to our data analytics capabilities;

and, as follows, with respect to our divestitures:

- In November 2015, we sold to Molina Healthcare, Inc. our operations comprising our former human services segment, which provided counselors, social workers and behavioral health professionals to work with clients, primarily in the clients' homes or communities, who were eligible for government assistance due to income level, disabilities or court order, for cash totaling approximately $200.0 million; and
- In three separate transactions effected in October 2017, July 2018 and December 2018, we ultimately sold to three separate and unaffiliated entities substantially all of our operations comprising our former workforce development services, or WD Services, segment, which provided workforce development services to long-term unemployed, disabled, and unskilled individuals, as well as individuals coping with medical illnesses and those that had been released from incarceration, for cash totaling approximately $15.8 million, a de minimus amount, and $46.5 million, respectively (any operations remaining after these acquisitions have been assumed by other parties or have been discontinued and are being wound down). respectively.

In addition to the acquisition and divestiture activities described above, the Company:

- In January 2019, completed an organizational consolidation in which it closed its corporate offices in Stamford, Connecticut and Tucson, Arizona, and consolidated all activities and functions performed at the corporate holding company level into its NEMT segment, which we refer to as our Organizational Consolidation; segment;
- In June and September 2020, effected a series of transactions pursuant to an agreement with Coliseum Capital Partners, L.P. and/or funds and accounts managed by Coliseum Capital Management, LLC (collectively, the "Coliseum Stockholders") in which (1) the Company repurchased approximately half of the shares of Series A

Convertible Preferred Stock owned by the Coliseum Stockholders, and (2) the Coliseum Stockholders converted the remaining portion of their holdings of Series A Convertible Preferred Stock into Common Stock for aggregate consideration of $88.7 million; following the September repurchase of the Coliseum Stockholders' remaining shares of Series A Convertible Preferred Stock, the Company elected to convert all shares of Series A Convertible Preferred Stock held by holders other than the Coliseum Stockholders into Common Stock, thereby eliminating all outstanding shares of our preferred stock;

- In November 2020, issued $500.0 million in aggregate principal amount of its 5.875% Senior Unsecured Notes due in November 2025, which we refer to as our Notes due 2025, the net proceeds from which were used to finance a portion of the purchase price paid in the Simplura acquisition;
- In December 2020, formed with an industry counterpart a protected series (90% of which is owned by us and which we refer to herein as our insurance captive) of a captive insurance company, NEMT Insurance DE LLC, a Delaware limited liability company that has been organized subject to the Delaware Revised Captive Insurance Company Act, which has been established to provide an insurance coverage alternative for transportation providers to obtain required automobile insurance in connection with their NEMT services;
- In August 2021, issued $500.0 million in aggregate principal amount of its 5.000% Senior Unsecured Notes due in October 2029, which we refer to as our Notes due 2029, the net proceeds from which were used to finance a portion of the purchase price paid in the VRI Intermediate Holdings, LLC acquisition
- In May and October 2020 and September 2021, further amended its amended and restated credit and guaranty agreement dated as of August 2, 2013 (as amended, the "Old Credit Agreement"), to, among other things, increase to $225.0 million the revolving credit limit under the Old Credit Agreement, permit the issuance of our Notes described above, extend the maturity date of the Old Credit Agreement to August 2, 2023, permit the incurrence of additional debt to finance our recent acquisitions, and revise financial covenants to permit the consummation of the acquisitions;
- On January 1, 2022, completed a segment reorganization that resulted in the addition of a Corporate and Other segment that comprises the costs associated with the Company's corporate operations, including activities related to

  executive, accounting, finance, internal audit, tax, legal and specific strategic and corporate development functions for each segment, as well as the results of the Matrix investment; and
- In February 2022, replaced its Old Credit Facility with a New Credit Facility, which provides for a five-year senior secured revolving credit facility in an aggregate principal amount of $325.0 million, sublimits for swingline loans of up to $25.0 million, letters of credit of up to $60.0 million and alternative currency loans in amounts of up to $75.0 million. ; and
- In June 2023, amended its New Credit Facility to amend and restate the maximum permitted Total Net Leverage Ratio under the New Credit Agreement, which was further amended in February 2024.

O***ur Strategies***

ModivCare has grown from a stand-alone NEMT non-emergency medical transportation provider to a company with a comprehensive supportive care platform focused on SDoH. Our services include NEMT, non-emergency medical transportation, personal care services and remote patient monitoring. monitoring solutions. Throughout this phase of growth, expansion, our strategy has evolved toward a vision of One ModivCare. This strategy strategic framework emphasizes our focus on alignment across all of our supportive care services that will help us align services. By adhering to this strategy, we aim to cultivate best practices, drive scale achieve operational scalability and efficiencies, and standardize processes to ensure the best an optimal experience for both our members and customers. ModivCare is focused on aligning our people, processes, and technology for each business segment while integrating data across our point solutions to better serve our members. members and customers.

ModivCare is focused on execution, growth, and results. To highlight a couple of strategic initiatives in our business segments:

- NEMT – our transportation network is selected using a partnership model is focused on narrowing our network of with credentialed transportation providers to ensure we provide our partners members with a guaranteed number of trips in exchange for high quality service and on-time performance. Our multi-modal strategy ensures that members receive the most appropriate type of ride, whether it is a standard traditional sedan, ride-share, ride share, public transit, or a family member driving the member and receiving mileage reimbursement. Our focus is to make sure our members have the best transportation experience tailored to each of our members' their individualized transportation needs. Over the last year, our NEMT segment has undergone a transformation to drive operational efficiencies and optimize performance, which is driven by our omnichannel member engagement model, the multi-modal network strategy, and digital customer integration.

- Personal Care PCS – our personal care team is remains focused on integrating, transforming its operations through centralizing and standardizing non-clinical functions and certain operational processes into repeatable processes across our network of personal care offices. This strategy will empower and enable caregivers to focus on providing high quality services to members and leverage their minimize the time spent on administrative functions and expand our workforce development to improve recruiting and retention efforts. Another aspect of our workforce development is capturing feedback through This operational transformation in PCS coupled with the recruiting and retention efforts deployed to enhance our caregiver advisory council, as well as providing a multi-benefit menu, which includes same-day pay, enhanced healthcare benefits, engagement will drive growth and cell phone assistance, to further enhance retention. ensure increased member satisfaction.

- Remote Patient Monitoring RPM – our monitoring RPM team is focused on gaining market share through enhanced selling initiatives referral sales growth and leveraging strengthening our long-standing relationships with payors to have enterprise-wide discussions at the highest level. managed care organizations. We will continue are continuing to innovate and invest in technology and comprehensive data analytics to maintain advance our industry leading position as a leader in the remote patient monitoring. monitoring industry.

Technology Enhancements

Transportation As a leading provider of non-emergency medical transportation, we believe that transportation related to care is one of the most impactful experiences contributing to our members' satisfaction during their care encounter. At the core of our operational and technological strategies is a focus on driving member satisfaction. satisfaction and enhancing our technological capabilities to support this experience. Our Advanced Transportation Management System (ATMS) software continues technology solutions continue to enhance improve our member experience by providing real-time visibility into trip status, optimized trip routing, and automated billing trip assignments and trip assignments. billing. Our technology platform and continued technological enhancements reduce inbound calls from members looking for that require assistance on identifying the location of the transportation provider, improve on-time percentages, enhance member satisfaction, performance, and reduce costs while increasing efficiency. efficiency and member satisfaction. Specifically, our platform and continuous investment in technology improvements, as well as digital customer integration, provide opportunities for revenue growth and reduced costs as well as the following additional benefits:

- member communications through texting, email and automated calls, including the ability for the member to see the location of the transportation provider in real time on a mobile device;
- optimized routing from industry-leading ATMS technology software;
- automated trip assignments allowing for proactive management for rejected, canceled and late rides;

- automated billing allowing for more precise and timely mileage logs and service outcomes; and
- driver application enhancements for transportation providers.

With respect to our Personal Care PCS segment, process improvements, augmented by technology, are expected to help reduce costs while maintaining quality and compliant patient care. In addition, we strive to become the employer of choice in each of our Personal Care PCS segment markets. Our scale and density in these markets allow us to provide the number of weekly work hours our caregivers desire, which gives us a competitive advantage in recruitment and retention of caregivers that might otherwise need to work for several agencies to obtain the desired number of work hours.

With respect to the RPM segment, the suite of technology-enabled in-home solutions provides improved patient outcomes with peace-of-mind support and reduced costs to payers which drives value and deepens our engagement with members. Greater access to real time information, enabled through our technology and monitoring devices, provides us the ability to shorten cycle times to help identify and resolve client and member issues.

Organic Growth

- *NEMT Segment*. Across the healthcare market, we see an increasing understanding of the benefit of removing transportation as a barrier to care and a way to improve other determinants of health, such as access to food, shelter, socialization, and pharmacy. medication. We believe that our scale, deep experience, operational strategy, and technology tools

  uniquely position us to address member needs related to access to transportation for vulnerable populations. We approach sales, marketing and business development in a manner that is focused on driving market share in our core Medicaid market, including states and MCOs, Medicare Advantage plans, health systems and providers. Simultaneously, we target business development efforts with partners to enter new transportation markets, including the movement of home health providers, pharmacy delivery and beneficiaries of workers compensation. We expect there will be network effects as we serve more and more healthcare constituencies within a geography.

- *Personal Care PCS Segment*. We intend to continue to grow in our existing markets for personal care services by:

  - increasing recruiting and expanding our caregiver workforce;
  - developing and retaining our caregivers;
  - delivering consistent and reliable quality of care;
  - leveraging and expanding existing payor and referral source relationships; and
  - strategic de novo sites to increase density and scale.

  Our business development activities in this area include community outreach in each of our markets, where we educate referral sources about the benefits of personal care services and the programs available to patients. We believe that demographic trends such as an aging population and longer life expectancies will increase the size of our addressable market, and that the demand for in-home personal care will further increase because it is the lowest cost healthcare setting and therefore preferred by payors and also by patients, who also tend to prefer to receive care in their own homes over institutional settings. We also believe that the carve-in of personal care into Medicare Advantage plans provides further opportunity for organic growth. As one of the largest platforms providing in-home personal care, we differentiate our services by providing broad geographic coverage in both urban and rural areas and the capability to offer a broad suite of services and manage complex cases involving high-needs patients. In addition, we are working with MCOs and other payors to lower the overall cost of care and improve outcomes by managing risk factors, such as falls, and using technology solutions to provide early indicators of change in condition to avoid hospitalization. With these capabilities, we strive to be the provider of choice for in-home personal care services and intend to continue differentiating our services from the competition and winning market share by relying on strong regional leadership, clinical capabilities, qualified and well-trained caregivers and investment in technology.

- *RPM Segment*. We see the opportunity for remote patient monitoring services, which include personal emergency response systems, vitals monitoring, medication adherence solutions, and integrated data reporting and analytics, to provide an alternative to costly existing healthcare solutions, services, which can be obtained in the safety and comfort of our members' homes. We believe that there is a natural untapped market with considerable growth opportunities that we can reach by cross-selling into our existing relationships with Medicaid and Medicare Advantage plans and marketing the reduced cost of providing coverage for remote monitoring solutions while also resulting in improved patient outcomes and enhanced patient engagement and experience. Further, we believe that demographic trends such as the aging population and increasing prevalence of chronic illness increase the addressable market to support patients that demand in-home solutions where they are able to maintain their independence and avoid long-term care facilities, preventable emergency room use, hospitalization, and hospital readmission. Along with the demographic trends,

  structural changes in the healthcare industry driven by the pandemic have accelerated the shift to virtual healthcare solutions and highlighted the efficiencies and cost effectiveness of providing virtual health solutions. By addressing this sizable market that is expected to increase with the shift in the demographic trends and structural changes in the industry toward value-based solutions, we also see an opportunity to address additional payors in order to provide awareness of the benefits of remote monitoring solutions in order to expand the number of payors that offer coverage for this solution and expand our geographic span as we strive to be the provider of choice for remote patient monitoring services.

Inorganic Growth

- *NEMT Segment*. We believe our experience, relationships in the industry, scale and executive team strongly position us to be a consolidator in healthcare transportation. Our acquisition strategy may include an evaluation of new entrants, which may not be able to otherwise compete without the benefits of scale and experience, and closely-held businesses that may seek a new capital structure or sale to achieve liquidity for founders. With our balance sheet, strong team and track record, we believe we are a natural consolidator.

- *Personal Care PCS Segment*. We believe there is a significant opportunity for continued growth through acquisition in both new and existing personal care services markets. The personal care services industry is highly fragmented, and smaller competitors are finding it increasingly difficult to compete as payors look to narrow their provider networks and contract with providers of scale that can offer a wide breadth of services and capabilities across a broad geographic

  area. Moreover, smaller competitors may not have the capital to invest in technology and lack the market density to attract caregivers. We will continue to explore opportunities to acquire regional providers to enter into new markets, and tuck-in acquisitions to grow our presence in existing markets, as well as to branch out into adjacent businesses.

- *RPM Segment*. We believe there are opportunities for growth through acquisitions in the remote patient monitoring market. The remote patient monitoring industry is highly fragmented, and we believe that our scale and healthcare-centric platform provide us with the ability to acquire companies in new markets and regions and expand our breadth of operations. Technological innovation is also a critical component of the industry's growth. We believe that our technology agnostic platform allows us to efficiently acquire companies that offer newer technologies and service offerings that we can leverage to accelerate our existing technology and offerings. We will continue to evaluate acquisition opportunities in the RPM segment to supplement our growth going forward.

Strategic Capital Allocation

We seek to manage and allocate capital in a way that creates value and supports the execution of our business strategy. The operations of our respective business segments contribute the primary source of capital to the Company supplemented by any issuances by the Company in the capital markets. Our NEMT segment has continued to generate strong revenue growth for the Company. Further, our Personal Care PCS segment has shown consistent revenue growth a strong free cash flow profile, and maintains an asset-light model. Our RPM segment has also contributed to our continued growth with positive cash flows and a strong profit margin. With all of our segments operating collectively, our combined balance sheet provides us with optionality with respect to capital allocation and how we can best deliver stockholder value. We will continue to focus on operational efficiencies by investing in platforms that streamline our operations and seek to enhance our technical capabilities through technological initiatives in an effort to enhance our client and member experience. With respect to our Personal Care PCS segment, we are committed to maintaining and improving the quality of our member care by dedicating appropriate resources at each site and continuing to refine our clinical and non-clinical initiatives and objectives. We are implementing technology enhancements and service protocols intended to promote best practices, enhance the member experience, and improve the operating effectiveness and efficiency of our case management, training, staffing, scheduling and labor management. We will also continue to assess the opportunities for capital deployment in order to create value for stockholders, which may include dividends, share repurchases and acquisitions.

Our Operations

We are a technology-enabled, healthcare services company that is the nation's largest manager of NEMT non-emergency medical transportation programs for state governments and MCOs, a leading in-home personal care services provider in the seven eastern states where we provide those services, and a leading provider of remote patient monitoring and medication management solutions. Our core competencies in NEMT include contact center management, network credentialing, claims management and non-emergency medical transport management. Our in-home personal care services include placements of non-medical personal care assistants, home health aides and skilled nurses primarily to Medicaid patient populations in need of care monitoring and assistance performing daily living activities, including senior citizens and disabled adults. Our RPM

services include provision of personal emergency response systems, vitals monitoring, medication management, and data-driven patient engagement solutions.

By offering our suite of integrated supportive care solutions for our payors and members, we are focused on becoming among the nation's preeminent SDoH companies and delivering better care in the home, enhancing patient lives, and reducing healthcare costs. We report our operations as described above under four separate business segments: NEMT; Personal Care; PCS; RPM; and Corporate and Other, each of which is described below in greater detail following the next subsection captioned "Business Trends".

Business Trends

Our performance is affected by a number of trends that drive the demand for our services. In particular, the markets in which we operate are exposed to various trends, such as healthcare industry and demographic dynamics. Over the long term, we believe there are numerous factors that could affect growth within the industries in which we operate, including:

- an aging population, which is expected to increase demand for healthcare services and, as a result, increase the demand for including required transportation to such healthcare sites as well as the demand for services and in-home personal care services and remote monitoring; patient monitoring services;
- increasing prevalence of chronic illnesses that require active and ongoing monitoring of health data which can be accomplished at a lower cost and result in better health outcomes through remote patient monitoring services;
- a movement towards value-based care versus fee-for-service and cost plus care and budget pressure on governments, both of which may increase the use of private corporations to provide necessary and innovative services;

- increasing demand for in-home care provision, driven by cost pressures on traditional reimbursement models and increasing desire for individuals to "age-in-place", and technological advances enabling remote engagement; engagement, including remote monitoring and similar internet-based health related services;
- a shift in membership dynamics as a result of Medicaid redetermination efforts, which may decrease membership levels at our NEMT segment;
- advancement of regulatory priorities, which include the Centers for Medicare and Medicaid Services ("CMS") proposed rule, *Ensuring Access to Medicaid Services*, which may lower profit margins at our PCS segment;
- technological advancements, which may be utilized by us to improve services and lower costs, but may also be utilized by others, which may increase industry competitiveness;

- an acceleration in the movement of care from higher-cost acute and post-acute sites to lower-cost non-acute sites including an increased demand for home-based services and virtual care as a result of the COVID-19 pandemic; and
- MCO, Medicaid and Medicare plans increasingly are covering NEMT increasing coverage of non-emergency medical transportation services for a variety of reasons, including increased access to care, improved patient compliance with treatment plans, social trends, and to promote social determinants of health, SDoH, and this trend may be accelerated or reinforced by the adoption of The Consolidated Appropriations Act of 2021 ("H.R.133"), a component of which mandates that state Medicaid programs ensure that Medicaid beneficiaries have necessary transportation to and from health care providers. providers; and
- uncertain macroeconomic conditions, including rising inflation and interest rates, could have an effect on our debt and short-term borrowings, which may have a negative impact on our results.

Major changes in the composition of the United States population will continue to drive an increase in demand for all health-related services, including non-emergency medical transportation, in-home personal care, and remote patient monitoring. These demographic shifts include, but are not limited to, an aging U.S. population, increased life expectancy, increased prevalence of chronic health conditions, and patients' preference to receive home-based care. The population of individuals aged 65 years and older nationally has been consistently growing and the U.S. Census Bureau estimates that starting in 2030, when all baby boomers will be older than 65 years, Americans 65 years and older will make up 20.6% of the population. Presently, Americans 65 years and older are estimated to make up 18.1% of the population. Concurrently, 60.0% of adults in the U.S. have one reported chronic health condition with 40.0% of adults in the U.S. reporting two or more. Chronic disease is a disease that is persistent or long-lasting and includes heart disease, cancer, and diabetes which are the leading causes of death and disability in the United States. With the increasing population of Americans aged 65 and older and the significant increase in the occurrence of chronic diseases, for which elderly patients are more prone to contracting, demand for lower-cost solutions in lieu of costly doctor visits and institutional care will continue to grow.

This demographic shift will continue to drive an increase in demand for transportation services from this vulnerable population. Each year, millions of Medicaid members are estimated to miss out on medical care due to lack of transportation. NEMT Non-emergency medical transportation solutions enable access to care that not only improves the quality of life and health of the patients receiving services, but also enable many of the individuals to pursue independent living in their homes rather than in more expensive institutional care settings. In addition, studies have shown that missed medical appointments lessen disrupt ongoing patient compliance with clinical guidelines and care plans which can lead to delayed care and increased complications and expensive emergency room visits as well as unresolved medical services. problems. Moreover, providing access to healthcare transportation services allows patients to utilize preventive care has proven solutions to identify and mitigate health risks at earlier intervals which can lower the cost of overall care by avoiding potentially more serious, costly emergent emergency services later. at the onset of a health condition. In our NEMT providers also cater segment, we specialize in offering services tailored to individuals with specialized specific transportation requirements. needs. To ensure the highest standards of service, we complete the credentialing process for our transportation providers well before any service is rendered. This proactive approach ensures that we accurately match each member with a transportation provider that best suits their unique requirements, guaranteeing a seamless experience. Members are thus assured of receiving personalized service, with their sole responsibility being to initiate the scheduling of their ride.

The U.S. personal care services market also benefits from the strong underlying demographic trends of the aging demographics U.S. population, increased life expectancy, and a shift toward value-based care, which is moving care away from more expensive institutional settings and into the preferred setting of the individuals' home. Personal care services are a significant component of home and community-based services, which have grown in significance and demand in recent years. Many consumers in this segment need services on a long-term basis to address chronic conditions. Payors establish their own eligibility standards, determine the type, amount, duration and scope of services, and establish the applicable reimbursement rate in accordance with applicable law, regulations or contracts. By providing services in the home to the elderly and others members who require long-term care and support with the activities of daily living, personal care service providers lower the cost of treatment by delaying or eliminating the need for care in more expensive settings, such as nursing homes that we believe can cost greater than two times more than equivalent personal care services. and long-term rehabilitation facilities. In addition, caregivers observe and report changes in the condition of patients for the purpose of facilitating early intervention in the disease process, progression, which often reduces the cost of medical services by preventing unnecessary emergency room visits and/or hospital admissions and re-admissions. By providing care in the preferred setting of the home and by providing opportunities to improve the patient's conditions and allow early intervention, as indicated, personal care also is designed to improve patient outcomes and satisfaction.

Personal care services are a significant component of home and community-based services, which have grown in significance and demand in recent years. Demand for personal care services is expected to continue to grow due to the aging of the U.S. population, increased life expectancy and improved opportunities for individuals to receive home-based care as an alternative to institutional care. The population of those aged 65 years and older nationally has been consistently growing and the U.S. Census Bureau estimates that starting in 2030, when all baby boomers will be older than 65 years, Americans 65 years and older will make up 20.6% of the population, up from 17.3% based on current statistics.

The personal care services industry developed in a highly fragmented manner, with few large participants and many small ones. Few companies have a significant market share across multiple regions or states. We expect ongoing consolidation within the industry, driven by the desire of payors to narrow their networks of service providers, and as a result of the industry's increasingly complex regulatory, operating and technology requirements. We believe we are well positioned to capitalize on a consolidating industry given our reputation in the market, strong payor relationships and integration of technology into our business model.

Similar to personal care services, The remote patient monitoring services support market also supports the shift toward value-based care as they provide it provides patient self-management and care management operations which support and enable seniors, the chronically ill, and persons with disabilities to maintain their independence and avoid long-term care facilities, preventable emergency room use, hospitalization, and hospital readmission. With the increasing population of Americans 65 and older and the significant increase in the occurrence of chronic diseases, for which elderly patients are more prone to contracting, demand for at-home care solutions in lieu of costly doctor visits and institutional care will continue to grow. This is further driven by structural changes that have occurred in the healthcare industry as a result of the COVID-19 pandemic toward virtual healthcare solutions. As remote patient monitoring has continued to grow in popularity, this has supported the underlying trend showing increased desire of seniors and individuals to "age-in-place" while also receiving a comparable standard of care.

Remote patient monitoring also provides the ability to leverage the data analytics obtained in order to produce actionable insights to drive proactive patient interventions which is are especially valuable given the growing occurrence of chronic illness. Currently, 60.0% of adults in the U.S. have one reported chronic health condition with 40.0% of adults in the U.S. reporting two or more. Chronic disease is a disease that is persistent or long-lasting and includes heart disease, cancer, and diabetes which are the leading causes of death and disability in the United States. illness, as discussed above. These conditions require ongoing and active management and the use of RPM remote monitoring solutions can work to manage symptoms and keep costs for individuals lower in the long-term. RPM

Remote monitoring services allow patients to monitor symptoms from home which decreases the strain on hospitals that have capacity constraints and ensures continued care and interaction with patients. This tech-enabled healthcare solution is covered by Medicare, Medicaid, and many private insurers that set eligibility criteria and establish reimbursement rates in accordance with applicable law, regulations or contracts and has gained significant traction during the COVID-19 pandemic where patients and providers were able to experience the value of remote health solutions while increasing patient experience and retention. This solution has many facets and we believe we are well positioned as the preeminent leader in providing solutions to address the social determinants of health that will work in tandem to increase payor and member value across our holistic suite of solutions.

NEMT Segment

We provide NEMT non-emergency medical transportation solutions to our members after obtaining contracts with our clients, third-party payor relationships, including state governments, MCOs and health systems, in 50 48 states and the District of Columbia. As of December 31, 2022 December 31, 2023, approximately 34.8 32.9 million members were eligible members received to receive our transportation services, and in 2022, 2023, we managed approximately 54.7 34.6 million gross verified paid trips.

We primarily contract with state Medicaid programs and MCOs, including Medicare Advantage plans, for the coordination of their members', who are our "end-users", NEMT non-emergency medical transportation needs. Our end-users customers are typically Medicaid or Medicare eligible members, whose limited mobility or financial resources hinder their ability to access necessary healthcare and social services. We believe our transportation services enable access to care, as well as access to meals, shelter, socialization, and the pharmacy, that not only improve the quality of life and health of the populations we serve, but also enables many of the individuals we serve to pursue independent living in their homes rather than in more expensive institutional care settings. We provide access to NEMT non-emergency medical transportation services on a more cost-effective basis than self-administered state Medicaid or MCO transportation programs while improving the lives and health outcomes of the populations we serve.

To fulfill the transportation needs of our end-users, customers, we apply our proprietary technology platform to an extensive network of approximately 5,500 3,700 transportation resources. This includes our in-network roster of fully contracted third-party transportation providers who operate sedans, wheelchair equipped vehicles, multi-passenger vans and ambulances. Our system also utilizes relationships with on-demand transportation network companies, mass transit entities, mileage reimbursement programs, taxis and county-based emergency medical service providers. To promote safety, quality and compliance, our in-network transportation providers undergo an in-depth credentialing and education process.

Our transportation management services also include fraud, waste, and abuse prevention and identification through utilization review programs designed to monitor that our transportation services are provided in compliance with Medicaid and Medicare program rules and regulations as well as to remediate issues that are identified. Compliance controls include ongoing monitoring, auditing and remediation efforts, such as validating end-user eligibility for the requested date of service and employing a series of gatekeeping questions to verify that the treatment type is covered and the appropriate mode of transportation is assigned. We also conduct post-trip confirmations of attendance directly with the healthcare providers for certain repetitive trips, and we employ field monitors to inspect transportation provider vehicles and to observe transports in real time. Our claims validation process generally limits payment to trips that are properly documented, have been authorized in advance, and are billed at the pre-trip estimated amount. Our claims process is increasingly digital, which provides more protection to member protected health information and reduces the impact on the environment. Transportation providers are able to submit their bills and supporting documentation directly to us through a secured web portal.

Contracts with state Medicaid agencies are typically for three to five years with multiple renewal options. Contracts with MCOs continue until terminated by either party upon reasonable notice in accordance with the terms of the contract and allow for regular price adjustments based upon utilization and transportation cost. As of December 31, 2022 December 31, 2023, 30.5% 32.3% of NEMT segment revenue was generated under state Medicaid contracts that are subject to renewal within the next 12 months. While we typically expect to renew these contracts as they approach their term, we may receive notice from customers that they are terminating or not renewing their contracts upon expiration.

The NEMT segment generated 87.8% 85.3% of its revenue in 2022 2023 under capitated contracts. Under capitated contracts, payors pay a fixed amount per eligible member. We assume the responsibility of meeting the covered healthcare related transportation requirements based on per-member per-month fees for the number of eligible members in the customer's program. Revenue is recognized based on the population served during the period. Certain capitated contracts have provisions for reconciliations, risk corridors or profit rebates. For contracts with reconciliation provisions, capitation payment is received as a prepayment during the month service is provided. These prepayments are periodically reconciled based on actual cost and/or trip volume and may result in refunds to the customer, or additional payments due from the customer. Contracts with risk corridor or profit rebate provisions allow for profit within a certain corridor and once we reach profit level thresholds or maximums, we discontinue recognizing revenue and instead record a liability within the accrued contract payable account. This liability may be reduced through future increases in trip volume or periodic settlements with the customer. While a profit rebate provision could only result in a liability from this profit threshold, a risk corridor provision could potentially result in receivables if the Company does not reach certain profit minimums, which would be recorded in the reconciliation contract receivables account.

The remaining 12.2% 14.7% of NEMT segment revenue was generated under other types of fee arrangements, including administrative services only and fee-for-service ("FFS"), under which fees are generated based upon billing rates for specific services or defined membership populations. Revenue under FFS contracts represents revenue earned under non-capitated contracts in which we bill and collect a specified amount for each service that we provide. FFS revenue is recognized in the period in which the services are rendered and is reduced by the estimated impact of contractual allowances.

- *Customers*. In 2022, 2023, contracts with state Medicaid agencies and MCOs represented 100.0% of NEMT segment revenue. The NEMT segment does not derive any of its revenue from private pay or other contracts. The NEMT segment derived approximately 10.9% 11.2%, 9.7% 10.9% and 9.5% 9.7% of its revenue from a single state Medicaid agency for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, respectively. The next four largest NEMT segment customers by

  revenue comprised in the aggregate approximately 19.8%, 17.7% 19.8% and 21.6% 17.7% of NEMT segment revenue for the years ended December 31, 2022 December 31, 2023, 2022 and 2021, and 2020, respectively.

- *Development Efforts and New Product Offerings*. The delivery of our NEMT program is dependent upon a highly integrated platform of technology and business processes as well as the management of a multifaceted network of third-party transportation providers. Our technology platform is purpose-built for the unique needs of our industry and is highly scalable; capable of supporting substantial growth in our clients' current and future membership base. In addition, our technology platform efficiently provides a broad interconnectivity among end-users, customers, and our network of transportation providers. We believe this technological capability and our industry experience position us well as a leader in the evolving healthcare industry to introduce valuable population insights. We also believe that it will enable us to deliver to our customers and end-users a single repeatable model that standardizes our offerings and is more customer-centric across each contact center. We provide service offerings and technological features for end-users to improve service levels, lower costs and build the foundation for additional data analytics capabilities. We are continuing to implement a modern, cloud based, interactive, voice responsive automated call distribution and work force management system across all contact centers. Our technology also allows for real time notifications to members on their mobile devices, integration with a wide variety of ATMS and transportation network companies, real time ride tracking, network management and analytics.

- *Competition*. We compete with a variety of national organizations that provide similar healthcare and social services related to transportation, such as Medical Transportation Management, Southeastrans (nka Verida), and Access2Care, as well as local and regional providers. Most local competitors seek to win contracts for specific counties or small geographic territories, whereas we and other larger competitors seek to win contracts for an entire state or large regional area. We compete based upon a number of factors, including our nationwide network, technical expertise, experience, service capability, service quality, and price.

- *Seasonality*. Our quarterly operating income and cash flows normally fluctuate as a result of seasonal variations in the business, principally due to lower transportation demand during the winter season and higher demand during the summer season.

Personal Care PCS Segment

We provide in-home personal care services to our customers with agency branches across various states, including in several of the nation's largest home care markets: New York, New Jersey, Florida, Pennsylvania, Massachusetts, West Virginia and Connecticut. We place non-medical personal care assistants, home health aides and skilled nurses primarily to Medicaid patient populations in need of care monitoring and assistance performing daily living activities in the home setting, including persons who are at increased risk of hospitalization or institutionalization, such as the elderly, chronically ill or disabled senior citizens and disabled adults. Our personal care services include bathing, personal hygiene, grooming, oral care, dressing, medication reminders, meal planning, preparation and feeding, housekeeping, transportation services, prescription reminders, and assistance with dressing and ambulation, all of which enable aging-in-place and support overall wellness. Within New York, Pennsylvania and New Jersey, our PCS Private Duty Nursing program provides services targeted to assisting medically fragile children. As of December 31, 2022 December 31, 2023, we had approximately 15,600 16,000 trained caregivers throughout all of our branch locations serving, on average, approximately 23,300 26,000 patients and providing approximately 26.9 27.8 million hours of patient care annually.

Our Personal Care PCS segment payor clients include federal, state and local governmental agencies, MCOs, commercial insurers and private individuals. The federal, state and local programs under which these organizations operate are subject to legislative, budgetary and other risks that can influence reimbursement rates. MCOs that operate as an extension of our government payors are subject to similar economic pressures. Our commercial insurance payor clients are continuously seeking opportunities to control costs.

Most of our personal care services are provided pursuant to agreements with state and local governmental aging services agencies, Medicaid waiver programs, and home and community based long-term living programs. These agreements generally have an initial term of one to two years and may be terminated with 60 days' notice. They are typically renewed in our experience for one to five-year terms, provided that we have complied with licensing, certification and program standards, and other regulatory requirements.

Reimbursement rates and methods vary by state and type of service, but are typically fee-for-service based on hourly or other unit-of-service bases. MCOs are becoming an increasing portion of our Personal Care PCS segment payor mix as states shift from administering FFS programs to utilizing managed care models.

- *Customers.* In 2022, 2023, contracts with state Medicaid agencies and MCOs represented approximately 94.9% 95.9% of Personal Care PCS segment revenue, with the remaining revenue derived from private pay and other contracts. The Personal Care PCS segment derived approximately 11.3%, 12.0% and 11.7% of its revenue from a single state Medicaid agency for the years ended December 31, 2022 December 31, 2023, 2022 and 2021, respectively. The next four largest Personal Care PCS segment customers by revenue comprised in the aggregate approximately 32.2%, 29.6% and 27.8% of segment revenue for the years ended December 31, 2022 December 31, 2023 2022, and 2021, respectively respectively.

- *Development Efforts and New Product Offerings*. We do not deploy proprietary technology in our Personal Care PCS segment, but we have invested continue to invest in new technology to improve efficiency and team member experience. CareConnect, a scheduling optimization application, was piloted in Lynbrook, New York. This application integrates with the implementation of several enterprise technology solutions including solution Homecare Software Solutions, LLC, which operates under the HHAeXchange brand and which we refer to as "HHAeXchange", and Celltrak, among others. These solutions manage compliance, scheduling, has enabled caregivers to independently schedule their shifts. The goal of this pilot was to increase the acceptance rate of unfulfilled caregiver shifts, reduce overtime, and enhance Care Coordinator efficiency. Caribou Rewards, an employee recognition program that aligns incentives with desired outcomes, was piloted in both Massachusetts and our largest Pennsylvania branch. This application integrates with our existing home care platforms and applicant tracking system. We have demonstrated success with caregiver referrals in converting to new hires in Massachusetts and sustained an increased use of electronic visit verification (EVV), caregiver payroll and the revenue cycle. HHAeXchange has been deployed for the majority of in our Personal Care segment business, and additional functionality is being implemented, including “Stop & Watch” monitoring of change in patient condition, care plan reporting via EVV, mobile application self-service and others. The three MCOs in Pennsylvania selected HHAeXchange to collect confirmed homecare visits, create claims to MCOs and provide workflow efficiency tools, enabling interoperability between our Personal Care segment operations and the three Pennsylvania MCOs. Celltrak is deployed in New Jersey for EVV in support of assisting with time card verification. branch. In addition to these technology solutions, we continue to identify new technologies that we can invest in to further unify our Personal Care PCS segment across one streamlined technology platform. Additionally, we have implemented the Relias invested in Nevvron for an all-in-one e-learning solutions in select operations, and we continue to roll out the application throughout the segment. Relias e-learning solutions solution that enables required training to be delivered remotely and helps improve utilization by reducing time lost for training. CareConnect, Caribou Rewards, and Nevvron will launch across the PCS segment in 2024 and all three will be accessible to our caregivers through one application.

- *Competition*. The personal care services industry in which we operate is highly competitive and fragmented. Providers range from facility-based agencies (e.g., day health centers, live-in facilities, government agencies) to independent home care companies. They can be not-for-profit organizations or for-profit organizations. There are relatively few barriers to entry in some of the home healthcare services markets in which we operate. We believe, however, that we have a favorable competitive position, attributable mainly to:

    - the consistently high quality and targeted services we have provided over the years to our patients;
    - our ability to serve complex, high-needs patient populations;
    - our scale and density in the markets we serve;
    - our strong relationships with payors and referral sources; and
    - our investments in technology.

- *Seasonality*. Our quarterly operating income and cash flows normally fluctuate as a result of seasonal variations in the business, principally due to somewhat lower demand for in-home services from caregivers during the summer and periods with major holidays, as patients may spend more time with family and less time alone needing outside care during those periods. Our payroll expense in the Personal Care PCS segment is also generally higher during the earlier quarters of the year prior to employees reaching the applicable thresholds for certain payroll taxes, and during periods with major holidays resulting from holiday pay rates.

Remote Patient Monitoring RPM Segment

We provide remote patient monitoring services to support patient self-management and care management operations that enable seniors, the chronically ill, and persons with disabilities to maintain their independence and avoid long-term care facilities, preventable emergency room use, hospitalization, and hospital readmission. Services include personal emergency response systems, vitals monitoring, medication adherence solutions, and integrated data reporting and analytics. With high-touch engagement, the RPM segment has several million annual person-to-person interactions over a population of approximately 236,000 253,000 actively monitored health plan members.

We market our RPM services to national and regional health plans, government funded benefit programs, healthcare provider organizations, and individuals. Our commercial insurance payor clients are continuously seeking opportunities to control costs.

- *Customers*. The Company serves approximately 236,000 253,000 members within national and regional health plans, government-funded benefit programs, and healthcare provider organizations members, and individuals across the

  country. We have a diverse base of customers across multiple end markets including Medicare Advantage, State and Managed Medicaid, and Health Systems or Distributors.

- *Development Efforts and New Product Offerings*. Our device-agnostic technology platform allows our RPM segment to rapidly adopt and seamlessly integrate new products as hardware innovation continues across the industry. Currently, the Company is contracted with over 30 manufacturers and integrated across more than 200 devices. The RPM segment continuously evaluates new products, integrating over 10 devices annually and with rapid onboarding, the Company averages only 30 days to integrate a new product or technology and deploy it in the field.

- *Competition*. We compete with a variety of RPM solution providers that include both new entrants to the healthcare industry and legacy healthcare providers. Top providers include Medtronic, Philips Healthcare, Dexcom, and Honeywell Life Sciences. Given the rapidly changing technology that supports the health-tech industry, any Company that is able to innovate and provide a more efficient and effective solution could enter the RPM market, however there are significant barriers to entry, including long contracting and licensing timeframes, multiple compliance audits necessitating numerous internal tracking systems and complicated reimbursement processes and rules.

Corporate and Other Segment

Our Corporate and Other segment supports the strategic objectives and continued growth of the ModivCare business and includes the activities related to executive, accounting, finance, internal audit, tax, legal and certain strategic and corporate development functions for each segment. The Corporate and Other segment also includes the operating results of the our non-controlling equity interest in Matrix Medical Network ("Matrix"). Prior , which, prior to our segment reorganization we that was effective as of January 1, 2022, had been reported our investment in Matrix as a separate operating segment. Based on how our Chief Operating Decision Maker ("CODM") now views In addition, the business Corporate and relative size of Other Segment includes the investment, it was determined that these results are reviewed in conjunction with the other corporate results of our investment in innovation, made during the business that are not attributable first quarter of 2023, related to one our data capabilities. As part of this investment in innovation, such wholly-owned subsidiary also began providing virtual clinical care management services (the "MSO") through an unaffiliated professional corporation (the "PC") owned and operated by a licensed physician in the three operating segments. third quarter of 2023.

Our Corporate and Other segment operations support the Company's vision to operate as "One ModivCare" and align our people, processes, and technology across each business segment in order to better serve our members and have a positive impact on closing certain health gaps and addressing the social determinants of health.

Governmental Regulations

Overview

Our business is subject to numerous U.S. federal, state and local laws, regulations and agency guidance. These laws significantly affect the way in which we operate various aspects of our business. We must also comply with state and local licensing requirements, state and federal requirements for participation in Medicare and Medicaid, requirements for contracting with Medicare Advantage plans, and contractual requirements imposed upon us by the federal, state and local agencies and third-party commercial insurers that provide payment for our services to patients. Failure to follow the rules and requirements of these programs can significantly affect our ability to be paid for the services we provide and be authorized to provide on an ongoing basis.

The Medicare and Medicaid programs are governed by significant and complex laws. Both Medicare and Medicaid are financed, at least in part, with federal funds. Therefore, any direct or indirect recipients of those funds are subject to federal fraud, waste and abuse laws. In addition, there are federal privacy and data security laws that govern the healthcare industry. State laws primarily pertain to the licensure of certain categories of healthcare professionals and providers and the state’s interest in regulating the quality of healthcare in the state, regardless of the source of payment, but may also include state laws pertaining to fraud, waste and abuse, privacy and data security laws, and the state’s regulation of its Medicaid program. Federal and state regulatory laws that may affect our business, include, but are not limited to the following:

- false and other improper claims or false statements laws pertaining to reimbursement;
- the Health Insurance Portability and Accountability Act of 1996, or HIPAA, and its privacy, security, breach notification and enforcement and code set regulations and guidance, along with evolving state laws protecting patient privacy and requiring notifications of unauthorized access to, or use of, patient medical information;
- civil monetary penalties law;
- anti-kickback laws;
- Section 1877 of the Social Security Act, also known as the “Stark Law”, and other self-referral, financial inducement, fee splitting, and patient brokering laws;
- The Centers for Medicare & Medicaid Services, or CMS, regulations pertaining to Medicare and Medicaid as well as CMS releases applicable to the operation of Medicare Advantage plans, such as reimbursement rates, risk adjustment and data collection methodologies, adjustments to quality management measurements and other relevant factors;
- State Medicaid laws, rules and regulations that govern program participation, operations, the provision of care to Medicaid beneficiaries and the reimbursement for such services; and
- state licensure laws.

A violation of certain of these laws could result in civil and criminal damages and penalties, the refund of monies paid by government or private payors, our exclusion from participation in federal healthcare payor programs, or the loss of our license to conduct some or all of our business within a particular state’s boundaries. While we believe that our programs are in compliance with these laws, failure to comply with these requirements could have a material adverse impact on our business.

Federal Law and State Laws

Federal healthcare laws apply in any case in which we provide an item or service that is reimbursable or provide information to our customers that results in reimbursement by a federal healthcare payor program. The principal federal laws that affect our business include those that prohibit the filing of false or improper claims or other data with federal healthcare payor programs, require confidentiality of patient health information, prohibit unlawful inducements for the referral of business reimbursable under federal healthcare payor programs and those that prohibit physicians from referring to certain entities if the physician has a financial relationship with that entity.

State healthcare laws apply in any case in which we provide an item or service that is reimbursable or provide information to our customers that results in reimbursement by a state Medicaid program. The principal state Medicaid laws that affect our business include those that prohibit the filing of false or improper claims or other data with state Medicaid programs, prohibit unlawful inducements for the referral of business reimbursable by a state Medicaid program and those that prohibit physicians from referring patients to certain entities if the physician has a financial relationship with that entity. Because we receive Medicaid reimbursement, we are subject to applicable participation conditions including a variety of operational, conflict of interest, and structural obligations. For example, in states that have elected to obtain authority to provide NEMT as a medical service through a broker using the regulatory process permitted by the Deficit Reduction Act of 2005, or DRA, we are prohibited from contracting with any transportation provider with which we have a financial relationship. In addition to Medicaid laws, many states have health care or professional licensure requirements that potentially apply to parts of our business.

False and Other Improper Claims

Under the federal False Claims Act and similar state laws, the government may impose civil liability on us if we knowingly submit a false claim to the government or cause another to submit a false claim to the government, or knowingly make a false record or statement intended to get a false claim paid by the government. The False Claims Act defines a claim as a demand for money or property made directly to the government or to a contractor, grantee, or other recipient if the money is to be spent on the government’s behalf or if the government will reimburse the contractor or grantee. Liability can be incurred for submitting (or causing another to submit) false claims with actual knowledge or for submitting false claims with reckless disregard or deliberate ignorance. Liability can also be incurred for knowingly making or using a false record or statement to receive payment from the federal government; for knowingly and improperly avoiding or decreasing an obligation to pay or transmit money or property to the government; or for knowingly noncomplying with a law or regulation that is material to the government’s decision to pay Medicare or Medicaid claims. Consequently, a provider need not take an affirmative action to conceal or avoid an obligation to the government, but the mere retention of an overpayment from the government could lead to potential liability under the False Claims Act.

Many states also have similar false claims statutes. In addition, healthcare fraud is a priority of the U.S. Department of Justice, the U.S. Department of Health and Human Services, or DHHS, its program integrity contractors and its Office of Inspector General, the Federal Bureau of Investigation and state Attorneys General. These agencies have devoted a significant amount of resources to investigating healthcare fraud.

If we are ever found to have violated the False Claims Act, we could be required to make significant payments to the government (including damages and penalties in addition to the return of reimbursements previously collected) and could be excluded from participating in federal healthcare programs or providing services to entities which contract with those programs. Although we monitor our billing practices for compliance with applicable laws, such laws are very complex, and we might not be able to detect all errors or interpret such laws in a manner consistent with a court or an agency's interpretation. While the criminal statutes generally are reserved for instances evidencing fraudulent intent, the civil and administrative penalty statutes are being applied by the federal government in an increasingly broad range of circumstances. Examples of the types of activities giving rise to liability for filing false claims include billing for services not rendered, misrepresenting services rendered (i.e., miscoding), applications for duplicate reimbursement and providing false information that results in reimbursement or impacts reimbursement amounts. Additionally, the federal government takes the position that a pattern of claiming reimbursement for unnecessary services violates these statutes if the claimant should have known that the services were unnecessary. The federal government also takes the position that claiming reimbursement for services that are substandard is a violation of these statutes if the claimant should have known that the care was substandard. Criminal penalties also are available even in the case of claims filed with private insurers if the federal government shows that the claims constitute mail fraud or wire fraud or violate any of the federal criminal healthcare fraud statutes.

State Medicaid agencies and state Attorneys General also have authority to seek criminal or civil sanctions for fraud and abuse violations. In addition, private insurers may bring actions under state false claim laws. In certain circumstances, federal and state laws authorize private whistleblowers to bring false claim or "qui tam" suits on behalf of the government against providers and reward the whistleblower with a portion of any final recovery. In addition, the federal government has engaged a number of private audit organizations to assist it in tracking and recovering claims for healthcare services that may have been improperly submitted.

Governmental investigations and whistleblower qui tam suits against healthcare companies remain at high levels and have resulted in substantial penalties and fines and exclusions of persons and entities from participating in government healthcare programs. While we believe that our programs are in compliance with these laws, failure to comply with these requirements could have a material adverse impact on our business.

Health Information, Privacy and Data Protection Practices

Under HIPAA, DHHS issued rules to define and implement standards for the electronic transactions and code sets for the submission of transactions such as claims, and privacy and security of individually identifiable health information in whatever manner it is maintained.

The Final Rule on Enforcement of the HIPAA Administrative Simplification provisions, including the transaction standards, the security standards and the privacy rule, published by DHHS addresses, among other issues, DHHS's policies for determining violations and calculating civil monetary penalties, how DHHS will address the statutory limitations on the imposition of civil monetary penalties, and various procedural issues. The rule extends enforcement provisions currently applicable to the healthcare privacy regulations to other HIPAA standards, including security, transactions and the appropriate use of service code sets.

The Health Information Technology for Economic and Clinical Health Act, or HITECH, enacted as part of the American Recovery and Reinvestment Act of 2009, extends certain of HIPAA's obligations to parties providing services to healthcare entities covered by HIPAA known as "business associates," imposes new notice of privacy breach reporting obligations, extends enforcement powers to state Attorneys General and amends the HIPAA privacy and security laws to strengthen the civil and criminal enforcement of HIPAA. HITECH establishes four categories of violations that reflect increasing levels of culpability, four corresponding tiers of penalty amounts that significantly increase the minimum penalty amount for each violation, and a maximum penalty amount of $1.5 million for all violations of an identical provision. With the additional HIPAA enforcement power under HITECH, the Office for Civil Rights of DHHS and states are increasing their investigations and enforcement of HIPAA compliance. We have taken steps to ensure compliance with HIPAA and are monitoring compliance on an ongoing basis.

Additionally, the HITECH Final Rule imposes various requirements on covered entities and business associates, and expands the definition of "business associates" to cover contractors of business associates. Even when we are not operating as covered entities, we may be deemed to be "business associates" for HIPAA rule purposes of such covered entities. We monitor compliance obligations under HIPAA as modified by HITECH, and implement operational and systems changes, associate training and education, conduct risk assessments and allocate resources as needed. Any noncompliance with HIPAA

requirements could expose us to criminal and increased civil penalties provided under HITECH and require significant costs in order to comply with its requirements or to remediate potential issues that may arise.

Other state privacy laws may also apply to us, including the California Consumer Privacy Act, or CCPA, which came into force in January 2020. The CCPA affords California residents with specified rights relating to the collection and use of their personal information. Violation of the CCPA may lead to monetary fines, and data breaches may give rise in certain circumstances to private rights of action by impacted individuals. While we believe that our practices are in compliance with these laws, failure to comply with these requirements could have a material adverse impact on our business.

Federal and State Anti-Kickback Laws

Federal law commonly known as the "Anti-Kickback Statute" prohibits the knowing and willful offer, solicitation, payment or receipt of anything of value (direct or indirect, overt or covert, in cash or in kind) which is intended to induce:

- the referral of an individual for a service for which payment may be made by Medicare, Medicaid or certain other federal healthcare programs; or
- the ordering, purchasing, leasing, or arranging for, or recommending the purchase, lease or order of, any service or item for which payment may be made by Medicare, Medicaid or certain other federal healthcare programs.

Interpretations of the Anti-Kickback Statute have been very broad and under current law, courts and federal regulatory authorities have stated that the Anti-Kickback Statute is violated if even one purpose (as opposed to the sole or primary purpose) of the arrangement is to induce referrals. Even bona fide investment interests in a healthcare provider may be questioned under the Anti-Kickback Statute if the government concludes that the opportunity to invest was offered as an inducement for referrals.

This act is subject to numerous statutory and regulatory “safe harbors.” Compliance with the requirements of a safe harbor offers defenses against Anti-Kickback Statute allegations. Failure of an arrangement to satisfy all of the requirements of a particular safe harbor does not mean that the arrangement is unlawful. It may mean, however, that such an arrangement will be subject to scrutiny by the regulatory authorities.

Many states, including some where we do business, have adopted anti-kickback laws that are similar to the federal Anti-Kickback Statute. Some of these state laws are very closely patterned on the federal Anti-Kickback Statute; others, however, are broader and reach reimbursement by private payors. If our activities were deemed to be inconsistent with state anti-kickback or illegal remuneration laws, we could face civil and criminal penalties or be barred from such activities, any of which could harm us.

If our arrangements are found to violate the Anti-Kickback Statute or applicable state laws, we, along with our clients, would be subject to civil and criminal penalties. In addition, implicated contracts may not be legally enforceable, which could materially and adversely affect our business. While we believe that our programs are in compliance with these laws, failure to comply with these requirements could have a material adverse impact on our business.

Federal and State Self-Referral Prohibitions

We may be subject to federal and state statutes banning payments for referrals of patients and referrals by physicians to healthcare providers with whom the physicians have a financial relationship. Section 1877 of the Social Security Act, also known as the “Stark Law”, prohibits physicians from making a “referral” for “designated health services” for Medicare (and in many cases Medicaid) patients from entities or facilities in which such physicians directly or indirectly hold a “financial relationship”.

A financial relationship can take the form of a direct or indirect ownership, investment or compensation arrangement. A referral includes the request by a physician for, or ordering of, or the certifying or recertifying the need for, any designated health services.

Certain services that we provide may be identified as “designated health services” for purposes of the Stark Law. We cannot provide assurance that future regulatory changes will not result in other services they provide becoming subject to the Stark Law’s ownership, investment or compensation prohibitions in the future.

Many states, including some states where we do business, have adopted similar or broader prohibitions against payments that are intended to induce referrals of clients. Moreover, many states where we operate have laws similar to the Stark

Law prohibiting physician self-referrals. While we believe that our programs are in compliance with these laws, failure to comply with these requirements could have a material adverse impact on our business.

Surveys and Audits

Our business is subject to periodic surveys by government authorities or their contractors and our payors to ensure compliance with various requirements. Regulators conducting periodic surveys often provide reports containing statements of deficiencies for alleged failures to comply with various regulatory requirements. In most cases, if a deficiency finding is made by a reviewing agency, we will work with the reviewing agency to agree upon the steps to be taken to bring our program into compliance with applicable regulatory requirements. In some cases, however, an agency may take a number of adverse actions against a program, including:

- the imposition of fines or penalties or the recoupment of amounts paid;
- temporary suspension of admission of new clients to our program’s service;
- in extreme circumstances, exclusion from participation in Medicaid, Medicare or other programs;
- revocation of our license; or
- contract termination.

While we believe that our programs are in compliance with Medicare, Medicaid and other program certification requirements and state licensure requirements, the rules and regulations governing Medicare, Medicaid participation and state licensure are lengthy and complex. Failure to comply with these laws could have a material adverse impact on our business and our ability to enter into contracts with other agencies to provide services.

Billing/Claims Reviews and Audits

Agencies and other third-party commercial payors periodically conduct pre-payment or post-payment medical reviews or other audits of our claims or other audits in conjunction with obligations to comply with the requirements of Medicare or Medicaid. In order to conduct these reviews, payors request documentation from us and then review that documentation to determine compliance with applicable rules and regulations, including the eligibility of clients to receive benefits, the appropriateness of the care provided to those clients, and the documentation of that care. Any determination that we have not complied with applicable rules and regulations could result in adjustment of payments or the incurrence of fines and penalties, or in situations of significant compliance failures review or non-renewal of related contracts.

Corporate Practice of Medicine and Fee Splitting

The corporate practice of medicine doctrine prohibits corporations from practicing medicine or employing a physician to provide professional medical services. This doctrine arises from state medical practice acts and is based on a number of public policy concerns, including:

- allowing corporations to practice medicine or employ physicians will result in the commercialization of the practice of medicine;

- a corporation's obligation to its stockholders may not align with a physician's obligation to the physician's patients; and
- employment of a physician by a corporation may interfere with the physician's independent medical judgment.

Most states in which Matrix operates and in which we provide personal care services prohibit the corporate practice of medicine. Every state provides an exception for physician ownership of a professional corporation. Many states provide an exception for employment of physicians by certain entities. The scope of these exceptions varies from state to state. Corporate practice of medicine doctrine issues can also overlap with kickback and fee-splitting concerns. Some states use the corporate practice of medicine doctrine to limit the services that a manager can furnish to a physician or medical practice because the state is concerned that a manager might interfere with the physician's independent medical judgment and/or impose an unacceptable intrusion into the relationship between the physician and the patient.

Among other activities, Matrix currently contracts with and employs nurse practitioners to perform Comprehensive Health Assessments ("CHAs") and our Personal Care PCS segment currently:

- employs registered nurses and licensed practical nurses to render skilled nursing care directly and to provide overall clinical supervision to patients; and
- has medical professionals provide guidance to its Quality Improvement Committees.

In addition, under the MSO-PC model within the Corporate and Other Segment, the MSO's contractual relationships and arrangements with the PC, through which virtual healthcare services are provided, may implicate certain of the corporate practice of medicine laws, which prohibit non-professional entities from providing licensed medical services or exercising

We control over licensed physicians or other healthcare professionals. This MSO-PC model may also implicate certain fee-splitting and anti-kickback laws.

While we believe that Matrix, our PCS segment, and our Personal Care segment the MSO-PC model have structured operations appropriately. Either or both, however, appropriately, any of these could be alleged or found to be in violation of some or all of these laws. If a state determines that some portion of the business violates these laws, or that a payment induced a physician to refer a patient, it may seek to have an entity discontinue or restructure those portions of operations or subject the entity to increased costs, penalties, fines, certain license requirements or other measures. Any determination that Matrix or we acted improperly in this regard may result in liability. In addition, agreements between Matrix and the particular professional may be considered void and unenforceable.

Professional Licensure and Other Requirements

Many of Matrix's employees are subject to federal and state laws and regulations governing the ethics and practice of their professions. For example, mid-level practitioners (e.g., Nurse Practitioners) are subject to state laws requiring physician supervision and state laws governing mid-level scope of practice. As physicians' use of mid-level practitioners increases, state governing boards are implementing more robust regulations governing mid-levels and their scope of practice under physician supervision. The ability of Matrix to provide mid-level practitioner services may be restricted by the enactment of new state laws governing mid-level scope of practice and by state agency interpretations and enforcement of such existing laws. In addition, services rendered by mid-level practitioners may not be reimbursed by payors at the same rates as payors may reimburse physicians for the same services. Lastly, professionals who are eligible to participate in Medicare and Medicaid as individual providers must not have been excluded from participation in government programs at any time. The ability of Matrix to provide services depends upon the ability of personnel to meet individual licensure and other requirements and maintain such licensure in good standing.

COVID-19 Public Health Emergency Orders

On May 11, 2023, the Department of Health and Human Services ("HHS") declared the end of the public health emergency ("PHE") for the COVID-19 pandemic. Emergency, public health and executive orders, issued, extended, or declared by the U.S. federal and state governments in response to the COVID-19 pandemic have waived numerous legal requirements while also imposing new legal restrictions. Many public health and executive orders restrictions which are issued, rescinded or modified with little advance notice. These emergency, public health and executive orders have created significant uncertainty in the legal and operational duties of health care providers. While we believe that our programs are in compliance with emergency, public health and executive orders, failure to comply with these requirements could have a material adverse impact on our business. At some point in time, The declaration of the U.S. federal government will formally end the public health emergency. The end of the public health emergency has and will likely continue to result in the rescission and modification of a number of regulatory requirements which will likely increase the uncertainty of the legal and operational duties of health care providers. While we are planning have taken measures to plan and prepare for the end of the public health emergency, failure to adjust our operations based upon end of the public health emergency reaching its end and the resulting wind down of certain regulatory measures put in place to respond to public health concerns as a result of the global pandemic could have a material adverse impact on our business.

CARES Act Provider Relief Fund and ARPA State and Local Fiscal Recovery Funds Program

The Coronavirus Aid, Relief, and Economic Security Act, which was signed into law on March 27, 2020 (the "CARES Act"), established the Provider Relief Fund ("PRF") that made relief payments to certain health care providers. The purpose of the Provider Relief Fund PRF was to provide funding to health care providers so they could prevent, prepare for, and respond to the coronavirus. Providers who received relief payments are subject to eligibility criteria and specific terms and conditions on the use of relief payments. To receive relief payments, many providers were required to attest to numerous statements regarding accuracy of their application and their compliance with the eligibility criteria and the terms and conditions. Providers' use of relief payments is limited to health care related expenses or lost revenues that are attributable to coronavirus. Providers are required to have documentation that relief payments were used for those purposes. There

The American Rescue Plan Act ("ARPA"), which was signed into law on March 11, 2021, established the Coronavirus State and Local Fiscal Recover Funds ("SLFRF") program which issued a final rule in 2022 that delivered funding to state, territorial, local, and Tribal governments across the country to support their response to and recovery from the COVID-19 public health emergency. The purpose of the SLFRF was to support families and businesses struggling with the public health and economic impacts of the pandemic, maintain vital public services despite declining revenues from the crisis, and build a strong and equitable recovery from the pandemic by making investments in long-term growth and opportunity. While the intention of the SLFRF was to allow for flexibility of the diverse and disproportionate needs across diverse communities, compliance and reporting requirements exist which require recipients to report to the U.S. Department of the Treasury and ensure all SLFRF are used in compliance with the program's requirements. Recipients are also responsible for subrecipient oversight and management and providing supporting documentation as required by the Department of Treasury.

For both government fund programs, there is limited guidance concerning what the government might consider a health care related expense or lost revenue that was attributable to coronavirus or what type of documentation is adequate.

Simplura and Care Finders have As our PCS segment has received relief payments from the CARES Act Provider Relief Fund. PRF and ARPA SLFRF, we must comply with all reporting requirements instituted for recipients of these funds. While we believe that the receipt and use of relief payments these funds was in compliance with Provider Relief Fund PRF and SLFRF requirements, failure to comply with these requirements could have a material adverse impact on our business.

California Climate Disclosure Laws

On Oct. 7, 2023, California enacted three climate-related bills imposing extensive new climate-related disclosure obligations applicable to companies doing business in California. The Climate Corporate Data Accountability Act (SB 253) requires covered companies with total annual revenues of $1 billion or more to disclose annually their Scope 1 (direct emissions from owned and controlled sources) and Scope 2 (indirect emissions from energy purchased and used) greenhouse gas (“GHG”) emissions beginning in 2026, and Scope 3 (indirect emissions up and down value chain) greenhouse gas emissions beginning in 2027. Certain attestation requirements also apply to these Scope 1, Scope 2 and Scope 3 GHG emission reports, pursuant to which assurance must be provided by an approved third-party assurance provider. The information required to make the disclosures is complex and requires sophisticated internal and third party GHG risk management and data collection procedures to be in place prior to the beginning of fiscal year 2025.

In addition, the Climate-Related Financial Risk Act (SB 261) requires covered companies with total annual revenues of $500 million or more to publish biennial reports disclosing climate-related financial risks and the measures adopted to mitigate the disclosed risks by January 1, 2026. The Voluntary Carbon Market Disclosures Act (AB 1305), effective January 1, 2024, requires companies making certain claims, including regarding carbon neutrality or reduction of greenhouse gas emissions, and companies purchasing carbon offsets in addition to making such claims, to disclose information on the determination of accuracy of the claim, interim progress measures, third-party verification and, if applicable, information on the carbon offsets purchased and emissions data. The laws may be modified by future legislation. We are in the process of assessing the potential impact of these new climate disclosure laws.

Human Capital Management

Attracting, developing, and retaining talented people who embrace our culture, execute our strategy, and enable us to compete effectively in our industry is critical to our success. To that end, ensuring that we have the right people in the right seats is one of our six pillars guiding our business strategy.

We believe a critical component of our success is our company culture. Our vision statement, “We drive positive health outcomes by transforming the way we connect to care” is at the core of everything we do. We understand that our success is directly correlated to ensuring that we have the right team members and that each of our team members is passionate about the important role that they play in executing our vision and improving the health outcomes of our members. As such, we aim to attract and retain

great qualified and passionate people– representing that represent a diverse array of perspectives and skills– who work together as a cohesive team that embody embodies our values. values and support our mission.

Our ability to recruit and retain our employees depends on a number of factors, including providing competitive compensation and benefits, development and career advancement opportunities, and a collegial work environment. We invest in those areas in an effort to ensure that we continue to be the employer of choice for our employees. team members.

Compensation and Benefits

Our benefits are designed to help employees team members and their families stay healthy, meet their financial goals, protect their income and help them have harmony between their work and personal lives. These benefits include health and wellness, paid time off, employee assistance, competitive pay, broad-based bonus programs, pension and retirement savings plans, career growth opportunities, and a culture of recognition.

Employee Team Member Development and Advancement

We invest significant resources to develop employees team members with the right capabilities to deliver the growth and innovation needed to support our strategy. We seek to ensure that we are building the organizational capabilities required for success in the years to come. We offer employees team members and their managers a number of several tools to help in their personal and professional development, including career development plans, mentoring programs and in-house learning opportunities, including an in-house continuing education program. We also have a practice of investing in our next generation of leaders and offer employees team members a number of leadership development programs. We believe in and encourage our employees team members and managers to maintain a growth mindset, a belief that qualities and talents can be developed through dedication and hard work, and have aligned our performance management programs to support our culture transformation with increased focus on continuous learning and development.

As of December 31, 2022 December 31, 2023, we had approximately 20,000 employees, 21,200 team members, of which approximately 3,100 3,900 were dedicated to our NEMT and our Corporate and Other segments, 16,400 16,800 were dedicated to our Personal Care PCS segment, and 500 were dedicated to our RPM segment. Approximately 2,700 of our Personal Care PCS segment caregivers were unionized in New York at the end of 2022, 2023, and we believe that we have good relationships with all of our employees. team members.

Demographics and Diversity

Our employees team members reflect the communities in which we they live and work and the customers we members they serve and they possess a broad range of thought thoughts and experiences that have helped us achieve our successes to date. A key component of our growth and success is our focus on inclusion commitment to diversity and diversity. inclusion. We believe this commitment allows us to better our understanding of patient and customer member needs, and develop while developing technologies and solutions to meet those needs. As part of our efforts to advance this important area, we have instituted several forums to ensure our team members have a channel to share their experiences. This includes our annual experience survey and quarterly town hall meetings where our executive leadership team can gather feedback from our team members and answer questions related to their concerns. Additionally, we have developed seven Employee Resource Groups ("ERGs"), which are team member led, experience-based groups of individuals that share a common interest in diversity and inclusion topics such as race, ethnicity, national origin, veteran status, ability awareness, gender, and sexual orientation/gender identity. Each of our ERGs is sponsored by a member of our executive leadership team or senior management that serves as an advocate and representative on our Diversity, Equity, and Inclusion Council ("DEI Council") to continue the advancement of these important initiatives and further our effort to make an impact from the work that each of these ERGs is doing. Although we have made progress in our workforce diversity representation, we continue to seek input from our team members and make significant strides to continue to improve and make meaningful impacts in this important area. We have established goals to continue improving our hiring, development, and retention of team members with diverse employees backgrounds and our overall diversity representation, including within our executive management leadership team, in an effort to be a socially responsible socially-responsible community member.

We also include additional team member information in our annual Environmental, Social, and Governance ("ESG") reports, which are available on our website.

Environmental, Social and Governance

In May 2023, we released our 2022 ESG report. This was our second publication of the report and we will continue to prepare this report annually to enhance our disclosures and provide key information about our work toward our commitment to eliminating inequities in healthcare while enhancing our sustainability and governance efforts.

Environmental

Making connections to care is our purpose. We strive to bring equity, hope, and healing to those who need it most, one member at a time. We do this through our NEMT segment where we connect our members to their non-emergency medical appointments so they can receive necessary care; through our PCS segment where our caregivers provide necessary services to our members who need assistance performing daily-living activities in the comfort of their homes; and through our RPM segment where our real-time monitoring services allow our members to live peacefully in their homes while assisting and engaging in response services in the event that an emergency occurs. While our mission to be a leader in addressing the SDoH has our members at the forefront of each decision we make, we are also committed to being a responsible environmental steward in the communities in which we serve. This includes using our multi-modal strategy within the NEMT segment in order to not only provide the most appropriate mode of transportation for each individual member, but to also increase the use of public transit or multi-passenger vehicles when possible. Additionally, we work with our transportation providers to find more efficient routes, eliminate unnecessary trips and assist with procurement of more fuel-efficient fleets.

Social

Members of all incomes and identities rely on our non-emergency medical transportation, personal care services, and remote patient monitoring solutions to receive greater access to healthcare. We seek to improve the lives of our members by providing connections to care and eliminating inequities in healthcare. Our team operates with the same passion for helping and serving our members that we care for in order to improve their lives and health outcomes.

Governance

Our board of directors regularly evaluates our corporate governance structure and processes to help steer the Company's direction and ensure we are operating with the utmost business integrity. More information about our directors, executive officers and governance will be included in our 2024 Proxy Statement for our 2024 Annual Meeting of Stockholders.

Additional Information

The Company makes available to the public on its website at www.modivcare.com its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after it electronically files such material with, or furnishes such material to, the SEC. Our SEC filings are also available to the public at www.sec.gov. Copies are also available, without charge, upon request to ModivCare Inc., 6900 E Layton Avenue, 12th Floor, Denver, Colorado 80237, (303) 728-7030, 728-7012, Attention: Corporate Secretary. VP of Investor Relations. In addition, we routinely post important information for investors on our website and may use our website as a means of disclosing material information in compliance with our disclosure obligations under Regulation FD. Accordingly, investors should monitor our website in addition to following our press releases, SEC filings, public conference calls, presentations and webcasts. The information contained on our website is not part of, and is not incorporated by reference in, this Annual Report on Form 10-K or any other report or document we file with or furnish to the SEC.

Item 1A. *Risk Factors.*

You should consider and read carefully all of the risks and uncertainties described below, as well as the other information included in this Annual Report, on Form 10-K, including our consolidated financial statements and related notes. The risks described below have been organized under headings that are provided for convenience and intended to organize the risks and uncertainties into related categories to improve readability for investors; no inference should be drawn, however, that the placement of a risk factor under a particular category means that it is not applicable to another category of risks or that it may be more or less material than another risk factor. Regardless, they are also not the only risks and uncertainties facing us. The occurrence of any of the following risks or additional risks and uncertainties not presently known to us or that we currently believe to be immaterial could materially and adversely affect our business, financial condition and results of operations. This Annual Report on Form 10-K also contains forward-looking statements and estimates that involve risks and uncertainties, as discussed above in this Part I under the caption "Disclosure Regarding Forward-Looking Statements". Our actual results could differ materially from those anticipated in any forward-looking statements as a result of many factors, including the risk factors and uncertainties described below.

Risks Related to Our Industry

The cost of healthcare is funded substantially by government and private insurance programs, and if such funding is reduced or limited or no longer available, our business may be adversely impacted.

Third-party payors, including Medicaid, Medicare and private health insurance providers, provide substantial funding for our services. Other payors, including MCOs, are also dependent upon Medicaid funding. These payors are increasingly seeking to reduce the cost of healthcare, which drives pressure on the reimbursement rates for healthcare services, which include our services. We cannot assure you that our services will be considered cost-effective by third-party payors, that reimbursement will continue to be available, or that payor reimbursement policies will not have a material adverse effect on our ability to sell our services on a profitable basis, if at all. We cannot control reimbursement rates, including Medicare market basket or other rate adjustments. Reimbursement for services that we provide is primarily through Medicaid and MCOs and rates can vary state by state and payor by payor. Legislative efforts driving increases in minimum wage levels have been made and continue to be proposed to increase minimum wages in markets in which we operate, and that could significantly impact the wage rates for personal care attendants we utilize to provide our personal care services. Further, the continued increase in inflation has the potential to continue to drive up costs related to employee wages and other inputs to our services including fuel costs. The current payors may be unable or unwilling to increase reimbursement rates sufficiently to offset the impact on us of such cost increases or, in cases where payors do increase reimbursement rates, such increases may not occur concurrently with the increase in costs or fully offset such increases. These changes could have a material adverse effect on our business, financial position, results of operations and liquidity.

The implementation of alternative payment models and the transition of Medicaid and Medicare beneficiaries to MCOs may limit our market share and could adversely affect our revenues.

Many government and commercial payors are transitioning providers to alternative payment models that are designed to promote cost-efficiency, quality and coordination of care. For example, accountable care organizations, or ACOs, seek to motivate hospitals, physician groups, and other providers to organize and coordinate patient care while reducing unnecessary costs. Several states have implemented, or have announced that they plan to implement, accountable care models for their Medicaid populations. If we are not included in these programs, or if ACOs establish programs that overlap with the services provided by us, we are at risk for losing market share and of experiencing a loss of business.

We may be similarly impacted by increased enrollment of Medicare and Medicaid beneficiaries in managed care plans, shifting away from traditional fee-for-service models. Under the Medicare managed care program, also known as Medicare Advantage or MA, the federal government contracts with private health insurers to provide Medicare benefits. Insurers may choose to offer supplemental benefits and impose higher plan costs on beneficiaries. Enrollment in managed Medicaid plans is also growing, as states are increasingly relying on MCOs to deliver Medicaid program services as a strategy to control costs and manage resources. We may experience increased competition for managed care contracts due to state regulation and limitations. For instance, in October 2018, New York began imposing limits on the number of home healthcare providers with which a managed Medicaid plan can contract. We cannot assure you that we will be successful in our efforts to be included in plan networks, that we will be able to secure favorable contracts with all or some of the MCOs, that our reimbursement under these programs will remain at current levels, that the authorizations for services will remain at current levels or that our profitability will remain at levels consistent with past performance, and if we are not successful in these areas our business could be materially harmed and our financial condition materially adversely affected.

In addition, operational processes may not be well defined as a state transitions beneficiaries to managed care. For example, membership, new referrals and the related authorization for services to be provided may be delayed, which may result in delays in service delivery to customers or in payment for services rendered. Difficulties with operational processes may negatively affect our revenue growth rates, cash flow and profitability for services provided. Other alternative payment models, such as value-based billing, capitated rates and per member per month pricing may be required by the government, MCOs and other commercial payors to control their costs while shifting financial risk to us, which could also materially affect our operations and financial condition.

We are limited in our ability to control reimbursement rates received for our services, and if we are not able to maintain or reduce our costs to provide such services, our business could be materially adversely affected.

Medicare and Medicaid are among our most significant payors, and their rates are established through federal and state statutes and regulations. Additionally, reimbursement rates with MCOs and other payors are difficult for us to negotiate as such payors are themselves limited in their ability to control rates and funding received from Medicaid and Medicare and are under pressure to reduce their own costs. We therefore manage our costs to achieve a desired level of profitability, including centralizing various back office processes, using technology to streamline processes and practicing efficient management of our workforce. If we are not able to continue to streamline our processes and reduce our costs, our business and consolidated financial condition, results of operations and cash flows could be materially adversely affected.

Future cost containment initiatives undertaken by private third-party payors, especially if we are unable to maintain or reduce our cost of services below rates set forth by payors, may limit our future revenue and profitability and cause us to experience reduced or negative margins and our results of operations could be materially adversely affected.

Our commercial payor and managed Medicaid revenue and profitability are affected by continuing efforts of third-party payors to maintain or reduce costs of healthcare by lowering payment rates, narrowing the scope and utilization of covered services, increasing case management review of services and negotiating pricing. There can be no assurance that third-party payors will make timely payments for our services, and there is no assurance that we will continue to maintain our current payor or revenue mix. We will continue our efforts to develop our commercial payor and managed Medicaid sources of revenue and any changes in payment levels from current or future third-party payors could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows.

We may be more vulnerable to the effects of a public health emergency than other businesses due to the nature of our end-users and the physical proximity required by our operations, which could harm our business disproportionately to other businesses.

The majority of our end-users are older individuals with complex medical challenges or multiple ongoing diseases or chronic illnesses, many of whom may be more vulnerable than the general public during a pandemic or in a public health emergency. Our employees are also at greater risk of contracting contagious diseases due to their increased exposure to vulnerable end-users. Our employees could also have difficulty attending to our end-users if a program of social distancing or quarantine is instituted in response to a public health emergency, or if “stay at home” orders are perpetuated or reinitiated. In addition, we may expand existing internal policies in a manner that may have a similar effect. If the COVID-19 virus and its potentially more contagious variants cause an additional resurgence of infections of COVID-19, or if new variants continue to develop that are resistant to government approved COVID-19 vaccinations, or if an influenza or other pandemic were to occur, we could suffer significant losses to our consumer population or a willingness by our end-users to utilize our services, in particular in our Personal Care segment, or a reduction in the availability of our employees and, at an inflated cost, we could be required to hire replacements for affected workers. Accordingly, public health emergencies could have a disproportionate material adverse effect on our financial condition and results of operations.

We may be adversely affected by inadequacies in, or security breaches of, our information technology systems, including the systems intended to protect our clients' privacy and confidential information, which could lead to legal liability, adversely affect our reputation and have a material adverse effect on our business, financial condition and results of operations.

Our information technology, or IT, systems are critically important to our operations and we must implement and maintain appropriate and sufficient infrastructure and IT systems to support growth and our existing business processes.We provide services to individuals and others that require us to collect, process, maintain and retain sensitive and personal client confidential information in our computer systems, including patient identifiable health information, financial information and other personal information about our customers and end-users, such as names, addresses, phone numbers, email addresses, identification numbers, sensitive health data, and payment account information.As a result, we are subject to complex and

evolving United States privacy laws and regulations, including those pertaining to the handling of personal data, such as HIPAA, CCPA, and others. Most states have enacted laws, which vary significantly from jurisdiction to jurisdiction, to safeguard the privacy and security of personal information. An increasing number of states require that impacted individuals and regulatory authorities be notified if a security breach results in the unauthorized access to, or use or disclosure of, personal information. Notifications are also required under HIPAA to the extent there is unauthorized access to, or use or disclosure of, personal health information. California residents and households in particular are afforded significantly expanded privacy protections under the CCPA. The enacted laws often provide for civil penalties for violations, as well as a private right of action for data breaches that may increase data breach litigation. Further, while we are using internal and external resources to monitor compliance with and to continue to modify our data processing practices and policies in order to comply with evolving privacy laws, relevant regulatory authorities could determine that our data handling practices fail to address all the requirements of certain new laws, which could subject us to penalties and/or litigation. In addition, there is no assurance that our security controls over personal data, the training of employees and vendors on data privacy and data security, and the policies, procedures and practices we implemented or may implement in the future will prevent the improper disclosure of personal data. Improper disclosure of personal data in violation of the CCPA and/or of other personal data protection laws could harm our reputation, cause loss of consumer confidence, subject us to government enforcement actions (including fines), or result in private litigation against us, which could result in loss of revenue, increased costs, liability for monetary damages, fines and/or criminal prosecution, all of which could adversely affect our business, consolidated results of operations, financial condition and cash flows.

We also rely on our IT systems (some of which are outsourced to third parties) to manage the data, communications and business processes for other business functions, including our marketing, sales, logistics, customer service, accounting and administrative functions. Furthermore, our systems include interfaces to third-party stakeholders, often connected via the internet. In addition, some of our services or information related to our services are carried out or hosted within our customers' IT systems, and any failure or weaknesses in their IT systems may negatively impact our ability to deliver the services, for which we may not receive relief from contractual performance obligations or compensation for services provided. In addition, security incidents impacting other companies, such as our vendors, may allow cybercriminals to obtain personal information about our customers and employees. Cybercriminals may then use this information to, among other things, attempt to gain unauthorized access to our customers' accounts, which could have a material adverse effect on our reputation, business and results of operations or financial condition. As a result of the data we maintain and third-party access, we are subject to increasing cybersecurity risks associated with malicious cyber-attacks intended to gain access to protected personal information. The nature of our business, where services are often performed outside of locations where network security can be assured, adds additional risk. If we do not allocate and effectively manage the resources necessary to build, sustain and protect an appropriate technology infrastructure, our business or financial results could be negatively impacted.

Furthermore, computer hackers and data thieves are increasingly sophisticated and operate large scale and complex automated attacks, and our information technology systems may be vulnerable to material security breaches (including the access to or acquisition of customer, employee or other confidential data), cyber-attacks or other material system failures arising out of malware or ransomware attacks, denial of services, or other attacks or security incidents, any of which could adversely impact our operations and financial results, our relationships with business partners and customers, and our reputation. Because the techniques used to obtain unauthorized access or sabotage systems change frequently and may be difficult to detect for long periods of time, we may be unable to implement adequate preventative measures sufficient to prevent a breach of our systems and protect sensitive data, including confidential personal information. Any breach of our data security could result in an unauthorized release or transfer of customer or employee information, or the loss of valuable business data or cause a disruption in our business. A failure to prevent, detect and respond in a timely manner to a major breach of our data security or to other cybersecurity threats could result in system disruption, business continuity issues or compromised data integrity. These events or any other failure to safeguard personal data could give rise to unwanted media attention, damage our reputation, damage our customer relationships and result in lost sales, fines or lawsuits. We may also be required to expend significant capital and other resources to protect against or respond to or alleviate problems caused by a security breach. If we are unable to prevent material failures, our operations may be impacted, and we may suffer other negative consequences such as reputational damage, litigation, remediation costs, a requirement not to operate our business until defects are remedied, or penalties under various data privacy laws and regulations, any of which could detrimentally affect our business, financial condition and results of operations.

We may be more vulnerable to the effects of a public health emergency than other businesses due to the nature of our end-users and the physical proximity required by our operations, which could harm our business disproportionately to other businesses.

The majority of our end-users are older individuals with complex medical challenges or multiple ongoing diseases or chronic illnesses, many of whom may be more vulnerable than the general public during a pandemic or in a public health emergency. Our employees are also at greater risk of contracting contagious diseases due to their increased exposure to vulnerable end-users. Our employees could also have difficulty attending to our end-users if a program of social distancing or quarantine is instituted in response to a public health emergency, or if “stay at home” orders are perpetuated or reinitiated. In addition, we may expand existing internal policies in a manner that may have a similar effect. If the COVID-19 virus and its potentially more contagious variants cause an additional resurgence of infections of COVID-19, or if new variants continue to develop that are resistant to government approved COVID-19 vaccinations, or if an influenza or other pandemic were to occur, we could suffer significant losses to our consumer population or a willingness by our end-users to utilize our services, in particular in our PCS segment, or a reduction in the availability of our employees and, at an inflated cost, we could be required to hire replacements for affected workers. Accordingly, public health emergencies could have a disproportionate material adverse effect on our financial condition and results of operations.

Risks Related to Our Business and Operations

We derive a significant amount of our revenues from a limited number of payors, and any changes in the funding, financial viability or our relationships with these payors could have a material adverse impact on our financial condition and results of operations.

We generate a significant amount of our revenue from a limited number of payors under a relatively small number of contracts. For example, for the year ended December 31, 2022 December 31, 2023, approximately 30.6% 30.9% of our NEMT segment revenue was derived from only five payors, and one of which, a single state Medicaid agency, contributed 10.9% 11.2% to our aggregate NEMT segment revenue during that period. As it relates to our other segments, for the year ended December 31, 2022 December 31, 2023, approximately 12.0% 11.3% of our Personal Care PCS segment revenue was derived from one U.S. state Medicaid program, and approximately 19.9% 18.5% of our RPM segment revenue was derived from one health plan. The loss of, reduction in amounts generated by, or changes in methods or regulations governing payments for our services under these contracts could have a material adverse impact on our revenue and results of operations. In addition, any consolidation of any of our private payors could increase the impact that any such risks would have on our revenue, financial position, and results of operations.

Our business, results of operations and financial condition may be adversely affected by pandemic infectious diseases, including the COVID-19 pandemic.

The widespread outbreak of an illness or any other communicable disease, or any other public health crisis that results in economic disruptions such as the COVID-19 pandemic, could materially adversely affect our business and results of operations. COVID-19 and its potentially more contagious variants specifically, as well as measures taken by governmental authorities and private actors to limit the spread of the virus, have interfered with, and may continue to interfere with, the ability of our employees, suppliers, transportation providers and other business providers to carry out their assigned tasks at ordinary levels of performance relative to the conduct of our business, which may cause us to materially curtail portions of our business operations. The ultimate impact of the COVID-19 pandemic on our business will depend on a number of evolving factors that we may not be able to predict, including:

- the duration and scope of the pandemic;
- governmental, business and individuals' actions that have been and continue to be taken in response to the pandemic;
- the impact of the pandemic on economic activity and actions taken in response;
- the effect on our customers and members and customer and member demand for our services, in particular with respect to our Personal Care segment services;
- our ability to provide our services as a result of, among other things, travel restrictions, disruptions in our contact centers related to COVID-19, people working from homeand taking the opportunity to provide personal care services that we might otherwise provide through our Personal Care segment, and the willingness of our employees to return to work due to health concerns, childcare issues or enhanced unemployment benefits, including after "shelter in place" and other related "stay at home restrictions" are lifted or modified;
- issues with respect to our employees' health, working hours and/or ability to perform their duties;
- increased costs to us in response to these changing conditions and to protect the health and safety of our employees, including increased spending for hazard pay and personal protective equipment; and
- the ability of our payors to pay for our services.

Furthermore, any failure to appropriately respond, or the perception of an inadequate response, could cause reputational harm and/or subject us to claims and litigation, either of which could result in a material adverse effect on our business and results of operations.

Since the COVID-19 pandemic emerged in March 2020, we observed a material reduction in trip volume in our NEMT segment as a result of state imposed public health orders. While this reduction in trip volume has improved and the Company has experienced an increase in trip volume each year following the pandemic, structural changes in the industry as a result of the pandemic, predominantly related to an increase in the utilization of telehealth and virtual care, have continued to have an impact on the Company's trip volume. Any ongoing impact to trip volume as a result of this structural change in the industry may have a negative financial impact on our transportation providers and may result in lower revenues as the Company adapts to this change in demand for transportation services. As volumes continue to increase to pre-pandemic levels, the availability of transportation providers in the future may be limited due to the capacity constraints within our network of transportation providers. Additionally, we may face staffing difficulties in our contact centers as the recruitment of potential employees may be challenging amid the current labor environment, which could negatively impact the customer and member experience while interfacing with our contact centers and materially adversely affect our reputation and results of operations.

Our Personal Care segment also experienced a material reduction in volume of service hours and visits as a result of the pandemic. While this reduction in service hours and visit has continued to improve toward pre-pandemic levels each year following the pandemic, ongoing impacts of the pandemic including constraints on the labor market, specifically related to strain on healthcare professionals, has led to a shortage of caregivers which will continue to impact the volume of service hours that can be provided. Further, these labor constraints have driven increased wage rates, which limits the Company's ability to be profitable in contracts with set rates for various care services. Any depressed volumes as a result of the labor shortage and the strain on healthcare professionals could reduce the quality with which our caregivers provide services and could result in lower than expected revenue, in the Personal Care segment. As volume continues to increase, we may face difficulty meeting the volume of demand due to staffing challenges in the healthcare industry. Any of these circumstances and factors could have a material adverse effect on our business.

Our RPM segment has not experienced a direct material impact to operations or financial activity as a result of the COVID-19 pandemic. While this segment of the business has proven resilient given the increase in demand for remote healthcare services in a highly contagious infection environment, potential risks could arise that could have a material impact on the financial results of the segment. Specifically, given the strain on the healthcare professionals that serve the healthcare community, we could experience shortages in qualified medical professionals that support our remote care monitoring business. Further, as this segment relies on patients receiving health monitoring devices for use in-home, any impact to the supply chain that ensures these critical devices arrive for active and continued vitals monitoring and data analytic solutions could have a negative impact on our business. Any of these factors could have a material adverse effect on our reputation and business.

The uncertainty and volatility of NEMT trip volume and Personal Care volume of hours provided due to COVID-19 and the long-term impacts of the pandemic on the global economy can affect the assumptions we rely upon to develop our expense estimates relative to the operations of these business segments. If we do not accurately estimate costs incurred in providing these services, these segments may be impacted by out of period adjustments to actual results. Any or all of these factors could have an adverse effect on our business, financial condition and results of operations. Furthermore, the impact of the COVID-19 pandemic and the long-term effects of the pandemic are continuously evolving, and the continuation of the pandemic, any additional resurgence, or COVID-19 variants could precipitate or aggravate the other risk factors included in this report, which in turn could further materially adversely affect our business, financial condition, liquidity, results of operations, and profitability, including in ways that are not currently known to us or that we do not currently consider to present significant risks.

Our contact center employees may be disproportionately impacted by health epidemics or pandemics like COVID-19, which could disrupt our business and adversely affect our financial results.

Our contact centers typically seat a significant number of employees in one location. Accordingly, an outbreak or resurgence of a contagious infection or virus, such as COVID-19or its potentially more contagious and/or vaccine resistant variants, in one or more of the locations in which we do business may result in significant worker absenteeism, lower capacity utilization rates, voluntary or mandatory closure of our contact centers, transportation restrictions that could make it difficult for our employees to commute to work, travel restrictions on our employees, and other disruptions to our business. Any prolonged or widespread health epidemic could severely disrupt our business operations and have a material adverse effect on our business, financial condition and results of operations.

Delays in collection, or non-collection, of our accounts receivable, particularly during any business integration process, could adversely affect our business, financial position, results of operations and liquidity.

Prompt billing and collection are important factors in our liquidity. Billing and collection of our accounts receivable are subject to the complex regulations that govern Medicare and Medicaid reimbursement and rules imposed by nongovernment payors. Our inability to bill and collect on a timely basis pursuant to these regulations and rules could subject us to payment delays that could have a material adverse effect on our business, financial position, results of operations and liquidity. It is possible that documentation support, system problems, Medicare, Medicaid or other payor issues, particularly in markets transitioning to managed care for the first time, or industry trends may extend our collection period, which may materially adversely affect our working capital, and our working capital management procedures may not successfully mitigate this risk.

The timing of payments made under the Medicare and Medicaid programs is subject to governmental budgetary constraints, resulting in an increased period of time between submission of claims and subsequent payment under specific programs, most notably under the Medicaid and Medicaid managed programs, which typically pay claims approximately 30 to 60 days slower than the average hospital claim. programs. In addition, we may experience delays in reimbursement as a result of the failure to receive prompt approvals related to change of ownership applications for acquired or other facilities or from delays caused by our or other third parties' information system failures. We may also experience delayed payment of reimbursement rate increases that are subject to the approval of the CMS and/or various state agencies before claims can be submitted or paid at the new rates. Any delays experienced for the foregoing or other reasons could have a material adverse effect on our business, results of operations and financial condition.

Further, a delay in collecting our accounts receivable, or the non-collection of accounts receivable in connection with our transition and integration of acquired companies including GMM, and the attendant movement of underlying billing and collection operations from legacy systems to our systems could have a material negative impact on our results of operations and liquidity.

Our reported financial results could suffer if there is an impairment of goodwill or long-lived assets, which could have a material adverse effect on our results of operations and financial condition.

We are required under accounting principles generally accepted in the United States, or GAAP, to review the carrying value of long-lived assets to be used in operations whenever events or changes in circumstances indicate that the carrying amount of the assets may be impaired. Factors that may necessitate an impairment assessment include, among others, significant adverse changes in the extent or manner in which an asset is used, significant adverse changes in legal factors or the business climate that could affect the value of an asset or significant declines in the observable market value of an asset. Where the presence or occurrence of those events indicates that an asset may be impaired, we assess its recoverability by determining whether the carrying value of the asset exceeds the sum of the projected undiscounted cash flows expected to result from the use and eventual disposition of the asset over the remaining economic life of the asset. If such testing indicates the carrying value of the asset is not recoverable, we estimate the fair value of the asset using appropriate valuation methodologies, which would typically include an estimate of discounted cash flows. If the fair value of those assets is less than carrying value, we record an impairment loss equal to the excess of the carrying value over the estimated fair value. The use of different estimates or assumptions in determining the fair value of our intangible assets may result in different values for those assets, which could result in an impairment or, in the period in which an impairment is recognized, could result in a materially different impairment charge.

In addition, goodwill may be impaired if the estimated fair value of our reporting units is less than the carrying value of the respective reporting unit. As a result of our growth, in part through acquisitions, goodwill and other intangible assets represent a significant portion of our assets. From our recent largest acquisitions, goodwill generated in relation to the acquisition of Simplura in 2020 was $320.4 million, goodwill generated in relation to the acquisition of Care Finders in 2021 was $232.1 million, goodwill generated in relation to the acquisition of VRI in 2021 was $236.3 million, and goodwill generated in relation to the acquisition of GMM in 2022 was $44.3 million. We perform an analysis on our goodwill balances to test for impairment on an annual basis. Interim impairment tests may also be required in advance of our annual impairment test if events occur or circumstances change that would more likely than not reduce the fair value, including goodwill, of our reporting unit below the reporting unit's carrying value. Such circumstances could include: (1) loss of significant contracts; (2) a significant adverse change in legal factors or in the climate of our business; (3) unanticipated competition; (4) an adverse action or assessment by a regulator; or (5) a significant decline in our stock price.

During our July 1 annual assessment of goodwill, we determined that based on our qualitative assessment for each reporting unit, factors existed which required us to test our goodwill for impairment. These factors included a decline in the market price of the Company's common stock, industry specific regulatory pressures such as Medicaid redetermination and the Centers for Medicare and Medicaid Services ("CMS") proposed ruling on *Ensuring Access to Medicaid Services*, and general economic and market volatility. As a result of our quantitative assessment, we determined that the goodwill at our PCS and RPM reporting units was impaired. As a result, we recorded an impairment of goodwill charge of $183.1 million in the second quarter of 2023, of which $137.3 million was recorded at our PCS segment and $45.8 million was recorded at our RPM segment.

As of December 31, 2022 December 31, 2023, the carrying value of goodwill, intangibles, equity method investments, and property and equipment, net was $968.7 million $785.6 million, $439.4 million $360.9 million, $41.3 million $41.5 million and $69.1 million $85.6 million, respectively. We continue to monitor the carrying value of these long-lived assets. If future conditions are different from management's estimates at the time of an acquisition or market conditions change subsequently, we may incur future charges for impairment of our goodwill, intangible assets, equity method investments or property and equipment, which could have a material adverse impact on our results of operations and financial position.

Failure to maintain or to develop further reliable, efficient and secure IT systems would be disruptive to our operations and diminish our ability to compete and successfully grow our business.

We are highly dependent on efficient and uninterrupted performance of our IT and business systems. These systems quote, process and service our business, and perform financial functions necessary for pricing and service delivery. These systems must also be able to undergo periodic modifications and improvements without interruptions or untimely delays in service. Additionally, our ability to integrate our systems with those of our clients is critical to our success. Our information systems rely on the commitment of significant financial and managerial resources to maintain and enhance existing systems as well as develop and create new systems to keep pace with continuing changes in information processing technology or evolving industry and regulatory requirements. Nevertheless, we still rely on manual processes and procedures, including accounting, reporting and consolidation processes that may result in errors and may not scale proportionately with our business growth, which could have an adverse effect on our business, financial condition and results of operations.

A failure or delay to achieve improvements in our IT platforms could interrupt certain processes or degrade business operations and could place us at a competitive disadvantage. If we are unable to implement appropriate systems, procedures and controls, we may not be able to successfully offer our services and grow our business and account for transactions in an appropriate and timely manner, which could have an adverse effect on our business, financial condition and results of operations.

We face risks related to attracting and retaining qualified employees, which could harm our business and have a material adverse effect on our results of operations.

Our business success depends, to a significant degree, on our ability to identify, attract, develop, motivate and retain highly qualified and experienced employees who possess the skills and experience necessary to deliver high-quality services to our clients, with the continued contributions of our senior management being especially critical to our success. Our objective of providing the highest quality of service to our clients is a significant consideration when we evaluate the education, experience and qualifications of potential candidates for employment as direct care and administrative staff. A portion of our staff is made up of professionals with requisite educational backgrounds and professional certifications. These employees are in great demand and are likely to remain a limited resource for the foreseeable future, exacerbated by continued labor shortages in the current economy.

Our ability to attract and retain employees with the requisite experience and skills depends on several factors, including our ability to offer competitive wages, benefits and professional growth opportunities. While we have established programs to attract new employees and provide incentives to retain existing employees, particularly our senior management, we cannot assure you that we will be able to attract new employees or retain the services of our senior management or any other key employees in the future. Some of the companies with which we compete for experienced personnel may have greater financial, technical, political and marketing resources, name recognition and a larger number of clients and payors than we do, which may prove more attractive to employment candidates. The inability to attract and retain experienced personnel could have a material adverse effect on our business.

The performance of our business also depends on the talents and efforts of our highly skilled IT professionals. Our success depends on our ability to recruit, retain and motivate these individuals. Effective succession planning is also important to our future success. If we fail to ensure the effective transfer of senior management knowledge and smooth transitions involving senior management, our ability to execute short and long-term strategic, financial and operating goals, as well as our business, financial condition and results of operations generally, could be materially adversely affected.

Any acquisition or acquisition integration efforts that we undertake could disrupt our business, not generate anticipated results, dilute stockholder value and have a material adverse impact on our operating results.

Our growth strategy involves the evaluation of potential entry into complementary markets and service lines through acquisition, particularly with opportunities that may leverage the advantages inherent in our large-scale technology-enabled operations and networks. We have made acquisitions and anticipate that we will continue to consider and pursue strategic acquisition opportunities, the success of which depends in part on our ability to integrate an acquired company into our business operations. Integration of any acquired company will place significant demands on our management, systems, internal controls and financial and physical resources. This could require us to incur significant expense for, among other things, hiring additional qualified personnel, retaining professionals to assist in developing the appropriate control systems and expanding our IT infrastructure. The nature of our business is such that qualified management personnel can be difficult to find. Our inability to manage growth effectively could have a material adverse effect on our financial results.

For example, the successful integration of Care Finders into our Personal Care PCS segment and the remote patient monitoring business acquired in the VRI transaction and expanded with the GMM acquisition and our ability to realize the expected benefits of the acquisition are subject to a number of risks and uncertainties, many of which are outside of our control, including:

- the challenges and unanticipated costs associated with integrating complex organizations, systems, operating procedures, compliance programs, technology, networks and other assets;
- the difficulties harmonizing differences in the business cultures;
- the inability to successfully combine our respective businesses in a manner that permits us to achieve the cost savings and other anticipated benefits from the acquisitions;
- the challenges associated with known and unknown legal or financial liabilities associated with the acquisitions;
- the risk of entering markets in which we have little or no experience;
- the challenges associated with the incurrence of indebtedness and the assumption of new contracts associated with the acquisitions;

- the inability to minimize the diversion of management attention from ongoing business concerns during the process of integrating our businesses;
- the inability to resolve potential conflicts that may arise relating to customer, supplier and other important relationships;
- the difficulties in retaining key management and other key employees; and
- the challenge of managing the expanded operations of a larger and more complex company and coordinating geographically separate organizations.

We incurred substantial expenses to complete the acquisitions, but we may not realize the anticipated cost benefits and other benefits to the extent expected, on the timeline expected, or at all. Moreover, competition in this industry may also cause us not to fully realize the anticipated benefits of the acquisitions.

There can also be no assurance that the companies we acquire, will generate income or incur expenses at the historical or projected levels on which we based our acquisition decisions, that we will be able to maintain or renew the acquired companies' contracts, that we will be able to realize operating and economic efficiencies upon integration of acquired companies or that the acquisitions will not adversely affect our results of operations or financial condition.

In addition, as we expand our markets or otherwise take advantage of prospects for growth, in connection with our acquisition strategy, we could issue stock that could dilute existing stockholders' percentage ownership, or we could incur or assume substantial debt or contingent liabilities. There can be no assurance that we will be successful in overcoming problems encountered in connection with any acquisition or integration and our inability to do so could disrupt our operations and adversely affect our business. Our failure to address these risks or other problems encountered in connection with past or future acquisitions and investments could cause us to fail to realize the anticipated benefits of such acquisitions or investments, incur unanticipated liabilities and harm our business generally.

Weakening of general economic, political, credit and/or capital market conditions in the markets in which we do business could adversely affect our financial performance, our ability to grow or sustain our business, financial condition, and results of operations, and our ability to access capital markets.

The implications of the current macroeconomic environment, which is characterized by high inflation rates, high interest rates, supply chain challenges, labor shortages, volatility in capital markets and growing recession risk, have had and could continue to have an adverse effect on our business, results of operations, and financial condition. In April 2022, during the COVID-19 pandemic, inflation rates in the United States were the highest they had been since 1981.While post-pandemic inflation rates have decreased since April 2022, there can be no assurance that inflation rates will not increase in the future.Increased inflation rates could result in higher costs related to employee wages and other inputs to our services, including fuel costs, and could result in us incurring higher debt obligations than expected.If we incur higher costs than originally anticipated, including under our FFS contracts, and are unable to adjust the rates to reflect the changes in costs due to the structure of our contracts, our results of operations and financial condition may be adversely affected.

Further the growing recession risk and ongoing economic uncertainty may lead to increased credit risk, higher borrowing costs, or reduced availability of capital and credit markets, which could impact our access to financing in the credit and capital markets at reasonable rates in the event we find it desirable to do so. Higher interest rates and borrowing costs as well as increased costs of labor as a result of the tight labor market, particularly in the healthcare industry, could create additional economic challenges. With the majority of our payors being governmental healthcare agencies who are also under significant operational and budgetary strain, these significantly increased labor and supply costs without a commensurate increase in revenue may lead to a continued deterioration of operating margins across our business.

Our estimated income taxes could be materially different from income taxes that we ultimately pay, which could have a material adverse effect on our results of operations and financial condition.

Our total income tax provision is based on our taxable income and the tax laws in the various jurisdictions in which we operate or operated. Significant judgment and estimation is required in determining our annual income tax expense and in evaluating our tax positions and related matters. In the ordinary course of our business, there are many transactions and calculations for which the ultimate tax determinations are uncertain or otherwise subject to interpretation. In addition, we make or were required to make judgments regarding the applicability of tax treaties and the appropriate application of transfer pricing regulations with respect to the operations of our former workforce development services segment. In the event one taxing jurisdiction disagrees with another taxing jurisdiction with respect to the amount or applicability of a particular type of tax, or the amount or availability of a particular type of tax refund or credit, we could experience temporary or permanent double taxation and increased professional fees to resolve such taxation matters.

Our determination of our income tax liability is subject to review by applicable tax authorities, and we have been audited by various jurisdictions in prior years. We were examined by the Internal Revenue Service as a result of the large refunds received from the loss on the sale or our former workforce development services segment. This examination was completed in the third quarter of 2021 with no material adjustments being made. In addition, we are being were examined by various states and by the Saudi Arabian tax authorities with respect to these matters. Although we believe our income tax estimates and related determinations are reasonable and appropriate, relevant taxing authorities may disagree. The ultimate outcome of any such audits and reviews could be materially different from the estimates and determinations reflected in our historical income tax provisions and accruals.

Our business, results of operations and financial condition may be adversely affected by pandemic infectious diseases, including the COVID-19 pandemic, including our contact center employees who may be disproportionately impacted by health epidemics or pandemics like COVID-19, which could disrupt our business and adversely affect our financial results.

The widespread outbreak of an illness or any other communicable disease, or any other public health crisis that results in economic disruptions such as the COVID-19 pandemic, could materially adversely affect our business and results of operations. COVID-19 and its potentially more contagious variants specifically, as well as measures taken by governmental authorities and private actors to limit the spread of the virus, have interfered with, and may continue to interfere with, the ability of our employees, suppliers, transportation providers and other business providers to carry out their assigned tasks at ordinary levels of performance relative to the conduct of our business, which may cause us to materially curtail portions of our business operations. The ultimate impact of the COVID-19 pandemic on our business will depend on a number of evolving factors that we may not be able to predict, including:

- the duration and scope of the pandemic;
- governmental, business and individuals' actions that have been and continue to be taken in response to the pandemic;

- the impact of the pandemic on economic activity and actions taken in response;
- the effect on our customers and members and customer and member demand for our services, in particular with respect to our PCS segment services;
- our ability to provide our services as a result of, among other things, travel restrictions, disruptions in our contact centers related to COVID-19, people working from homeand taking the opportunity to provide personal care services that we might otherwise provide through our PCS segment, and the willingness of our employees to return to work due to health concerns, childcare issues or enhanced unemployment benefits, including after “shelter in place” and other related “stay at home restrictions” are lifted or modified;
- issues with respect to our employees’ health, working hours and/or ability to perform their duties;
- increased costs to us in response to these changing conditions and to protect the health and safety of our employees, including increased spending for hazard pay and personal protective equipment; and
- the ability of our payors to pay for our services.

Furthermore, any failure to appropriately respond, or the perception of an inadequate response, could cause reputational harm and/or subject us to claims and litigation, either of which could result in a material adverse effect on our business and results of operations.

When the COVID-19 pandemic emerged in March 2020, we observed a material reduction in trip volume in our NEMT segment as a result of state imposed public health orders. On May 11, 2023, the Department of Health and Human Services ("HHS") declared the end of the public health emergency ("PHE") for the COVID-19 pandemic. During each year following the emergence of the pandemic, we have continued to experience increased utilization and are currently operating at a higher volume of trips in our NEMT segment than before the COVID-19 outbreak. While this increase in trip volume shows increased demand for our services, it also exposes the Company to cost containment risk as labor costs and trip costs are rising at a higher rate than reimbursement, which results in lower profit margins than previously. The increase in trip costs is driven, in part, by the current macroeconomic environment, inflationary pressures, rising interest rates, higher labor costs, and supply chain challenges which limit the NEMT segment's ability to provide services at a reasonable cost to achieve historic profit margins. These macroeconomic trends also put pressure on the availability of transportation providers. Any ongoing impact to our industry as a result of the increased demand despite the headwinds in the current macroeconomic environment may have a negative financial impact on our transportation providers and may result in lower revenues as the Company adapts to this change in demand for transportation services. As volumes continue to increase, the availability of transportation providers in the future may be limited due to the capacity constraints within our network of transportation providers. Additionally, we may face staffing difficulties in our contact centers as the recruitment of potential employees may be challenging amid the current labor environment, which could negatively impact the customer and member experience while interfacing with our contact centers and materially adversely affect our reputation and results of operations.

Our PCS segment also experienced a material reduction in volume of service hours and visits as a result of the pandemic. While this reduction in service hours and visits has continued to improve each year following the pandemic, ongoing impacts of the pandemic including constraints on the labor market, specifically related to strain on healthcare professionals, has led to a shortage of caregivers which will continue to impact the volume of service hours that can be provided. Further, these labor constraints have driven increased wage rates, which limits the Company's ability to be profitable in contracts with set rates for various care services. Any depressed volumes as a result of the labor shortage and the strain on healthcare professionals could reduce the quality with which our caregivers provide services and could result in lower than expected revenue in the PCS segment. As volume continues to increase, we may face difficulty meeting the volume of demand due to staffing challenges in the healthcare industry. Any of these circumstances and factors could have a material adverse effect on our business.

Our RPM segment has not experienced a direct material impact to operations or financial activity as a result of the COVID-19 pandemic. While this segment of the business has proven resilient given the increase in demand for remote healthcare services in a highly contagious infection environment, potential risks could arise that could have a material impact on the financial results of the segment. Specifically, given the strain on the healthcare professionals that serve the healthcare community, we could experience shortages in qualified medical professionals that support our remote care monitoring business. Further, as this segment relies on patients receiving health monitoring devices for use in-home, any impact to the supply chain that ensures these critical devices arrive for active and continued vitals monitoring and data analytic solutions could have a negative impact on our business. Any of these factors could have a material adverse effect on our reputation and business.

The uncertainty and volatility of NEMT trip volume and PCS volume of hours provided due to COVID-19 and the long-term impacts of the pandemic on the global economy can affect the assumptions we rely upon to develop our expense estimates relative to the operations of these business segments. If we do not accurately estimate costs incurred in providing these services, these segments may be impacted by out of period adjustments to actual results. Any or all of these factors could have an adverse effect on our business, financial condition and results of operations. Furthermore, the impact of the COVID-19 pandemic and the long-term effects of the pandemic are continuously evolving, and the continuation of the pandemic, any additional resurgence, or COVID-19 variants could precipitate or aggravate the other risk factors included in this Annual Report, which in turn could further materially adversely affect our business, financial condition, liquidity, results of operations, and profitability, including in ways that are not currently known to us or that we do not currently consider to present significant risks.

Our contact centers typically seat a significant number of employees in one location. Accordingly, an outbreak or resurgence of a contagious infection or virus, such as COVID-19or its potentially more contagious and/or vaccine resistant variants, in one or more of the locations in which we do business may result in significant worker absenteeism, lower capacity utilization rates, voluntary or mandatory closure of our contact centers, transportation restrictions that could make it difficult for our employees to commute to work, travel restrictions on our employees, and other disruptions to our business. Any prolonged or widespread health epidemic could severely disrupt our business operations and have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Our NEMT Segment

There can be no assurance that our contracts will survive as contemplated until the end of their stated terms, or that upon their expiration will be renewed or extended on satisfactory terms, if at all, and disruptions to, the early expiration or renegotiation of, or the failure to renew our contracts could have a material adverse impact on our financial condition and results of operations.

Our NEMT segment contracts are subject to frequent renewal and, from time to time, requests for renegotiation during a contract term. For example, many of our state Medicaid contracts, which represented 40.0% approximately 37.1% of our NEMT segment revenue for the year ended December 31, 2022 December 31, 2023, have terms ranging from three to five years and are typically subject to a competitive procurement process near the end of the term. We also contract with MCOs, which represented

60.0% approximately 62.9% of our NEMT segment revenue for the year ended December 31, 2022 December 31, 2023. Our MCO contracts for NEMT segment services typically continue until terminated by either party upon reasonable notice in accordance with the terms of the contract, and sometimes a contractual counterparty will seek to renegotiate the pricing and other terms of a contract to our detriment prior to the stated termination date of a contract. We cannot anticipate if, when or to what extent we will be successful in renewing our state Medicaid contracts or retaining our MCO contracts through their contractual duration on terms originally negotiated or at all. For the year ended December 31, 2022 December 31, 2023, 30.5% 32.3% of our NEMT segment revenue was generated under state Medicaid contracts that are subject to renewal during 2023.

2024.

In addition, with respect to many of our state contracts, the payor may terminate the contract without cause, or for convenience, at will and without penalty to the payor, either immediately or upon the expiration of a short notice period in the event that, among other reasons, government appropriations supporting the programs serviced by the contract are reduced or eliminated. We cannot anticipate if, when or to what extent a payor might terminate a contract with us prior to its expiration, or fail to renew or extend a contract with us. If we are unable to retain or renew our contracts, or replace lost contracts, on satisfactory terms, our financial condition and results of operations could be materially adversely affected. While we pursue new contract awards and also undertake efficiency measures, there can be no assurance that such measures will fully offset the negative impact of contracts that are not renewed or are canceled on our financial condition and results of operations.

Our success depends on our ability to compete effectively in the marketplace, and our results of operations could be materially adversely affected if we are unable to compete effectively in the markets for our services.

We compete for clients and for contracts with a variety of organizations that offer similar services. Many organizations of varying sizes compete with us, including local not-for-profit organizations and community-based organizations, larger companies, organizations that currently provide or may begin to provide similar NEMT services (including

(including transportation network companies such as Uber and Lyft) and CHA providers. Some of these companies may have greater brand recognition as well as greater financial, technical, political, marketing, and other resources that contribute to a larger number of clients or payors than we have. In addition, some of these companies may offer more services than we do. To remain competitive, we must provide superior quality services on a cost-effective basis to our payors and customers.

The market in which we operate is influenced by technological developments that affect cost-efficiency and quality of services, and the needs of our customers change and evolve regularly. Accordingly, our success depends on our ability to develop services that address these changing needs and to provide technology needed to deliver these services on a cost-effective basis. Our competitors may better utilize technology to change the way services in our industry are designed and delivered and they may be able to provide our customers with different or greater capabilities than we can provide, including better contract terms, technical qualifications, price and availability of qualified professional personnel. In addition, new or disruptive technologies and methodologies by our competitors may make our services noncompetitive. For example, the COVID-19 pandemic has driven an industry shift toward virtual health solutions which may reduce the number of in-person visits an end-user may be required to make to healthcare providers in order to receive care, which could reduce the utilization of our NEMT services.

We have experienced, and expect to continue to experience, competition from new entrants into the markets in which we operate. Increased competition may result in pricing pressures, loss of or failure to gain market share, or loss of or failure to gain clients or payors, any of which could have a material adverse effect on our operating results. Our business may also be adversely affected by the consolidation of competitors, which may result in increased pricing pressure or negotiating leverage with payors, or by the provision of our services by payors or clients directly to customers, including through the acquisition of competitors.

We obtain a significant portion of our business through responses to government requests for proposals and we may not be awarded contracts through this process in the future, or contracts we are awarded may not be profitable.

We obtain, and will continue to seek to obtain, a significant portion of our business from state government entities, which generally entails responding to a government request for proposal, or RFP. To propose effectively, we must accurately estimate our cost structure for servicing a proposed contract, the time required to establish operations and submit the most attractive proposal with respect to both technical and price specifications. The accurate estimate of costs is based on historical experience with similar contracts and future expectation around transportation costs, which may be inaccurately forecasted due to uncertainties driven by the post-COVID-19 pandemic supply chain shortages and the current geopolitical environment. We must also assemble and submit a large volume of information within rigid and often short timetables. Our ability to respond successfully to an RFP will greatly affect our business. If we misinterpret bid requirements as to performance criteria or do not accurately estimate performance costs in a binding bid for an RFP, there can be no assurance that we will be able to modify the proposed contract and we may be required to perform under a contract that is not profitable, which could materially adversely affect our results of operations.

If we fail to satisfy our contractual obligations, we could be liable for damages and financial penalties, which may place existing pledged performance and payment bonds at risk as well as harm our ability to keep our existing contracts or obtain new contracts and future bonds, any of which could harm our business and results of operations.

Our failure to comply with our contractual obligations could, in addition to providing grounds for immediate termination of the contract for cause, negatively impact our financial performance and damage our reputation, which, in turn,

could have a material adverse effect on our ability to maintain current contracts or obtain new contracts. The termination of a contract for cause could, for instance, subject us to liabilities for excess costs incurred by a payor in obtaining similar services from another source. In addition, our contracts require us to indemnify payors for our failure to meet standards of care, and some of them contain liquidated damages provisions and financial penalties if we breach these contracts, which amounts could be material. Our failure to meet contractual obligations could also result in substantial actual and consequential financial damages, the impact of which could be materially adverse to our business and reputation

If we fail to estimate accurately the cost of performing certain contracts, we may experience reduced or negative margins and our results of operations could be materially adversely affected.

During 2023, 2022, and 2021, and 2020, 85.3%, 87.8%, 84.7%, and 86.2% 84.7% of our NEMT segment revenue, respectively, was generated under capitated contracts with the remainder generated through fee for service ("FFS") contracts. Under most of our capitated contracts, we assume the responsibility of managing the needs of a specific geographic population by contracting out transportation services to local transportation companies on a per ride or per mile basis. We use “pricing models” to determine applicable contract rates, which take into account factors such as estimated utilization, state specific data, previous experience in the state or with similar services, the medically covered programs outlined in the contract, identified populations to be serviced, estimated volume, estimated transportation provider rates and availability of mass transit. The amount of the fixed per-member, monthly fee is determined in the bidding process, but is predicated on actual historical transportation data for the subject geographic region as provided by the payor, actuarial work performed in-house as well as by third party actuarial firms and actuarial analysis provided by the payor. If the utilization of our services is more than we estimated, the contract may be less profitable than anticipated, or may not be profitable at all.

Certain capitated contracts are structured in a shared risk format and have provisions for reconciliations, risk corridors or profit rebates. Under this shared risk structure, the amount of the fixed per-member fee is determined based on actual realized transportation volumes or costs. This provides some margin protection against unprofitable contracts, as the rate per member will increase if cost of transportation was to increase above certain specified levels. These shared risk contracts pose certain risks to cash management and liquidity, as contracts under this structure can lead to large contract payables and contract receivables balances on our balance sheet, that have longer payment terms than typical cycles. This can lead to large outflows of cash and impact our liquidity.

Under our FFS contracts, we receive fees based on our interactions with government-sponsored clients. To earn a profit on these contracts, we must accurately estimate costs incurred in providing services. If the client population relating to these contracts is not large enough to cover our fixed costs, such as rent and overhead, our operating results could be materially adversely affected and our profitability impaired. Our FFS contracts are not reimbursed on a cost basis; therefore, if we fail to estimate our costs accurately, we may experience reduced margins or losses on these contracts. Revenue under certain contracts may be adjusted prospectively if client volumes are below expectations. If we are unable to adjust our costs accordingly, our profitability may be negatively affected. In addition, certain contracts with state Medicaid agencies are renewable or extended at the state’s option without an adjustment to pricing terms. If such renewed contracts require us to incur higher costs, including inflation or regulatory changes, than originally anticipated, our results of operations and financial condition may be adversely affected.

The NEMT segment may be adversely impacted if the drivers we engage as independent contractors were instead classified as employees.

We believe that the drivers we engage to provide rider benefits are properly classified as independent contractors and that these drivers are not our employees. Changes to federal, state or local laws governing the definition or classification of independent contractors, or judicial or administrative challenges to our classification of these drivers as independent contractors, could affect the status of these drivers as independent contractors. A change in the classification of these drivers from independent contractors to employees could increase materially our expenses associated with the delivery of our services, which could materially adversely affect our business, results of operations and financial condition.

Significant interruptions in communication and data services could adversely affect our business.

Our contact centers are significantly dependent on telephone, internet and data service provided by various communication companies. Any disruption of these services could adversely affect our business. We have taken steps to mitigate our exposure to service disruptions by investing in complex and multi-layered redundancies, and we can transition services among our different call contact centers. Despite these efforts, there can be no assurance that the redundancies we have in place would be sufficient to maintain the call contact centers' operations without disruption. Any disruption could harm our customer relationships and have a material adverse effect on our results of operations.

Risks Related to Our Personal Care PCS Segment

Competition among in-home personal care, or home healthcare, services companies is significant, and if we are not successful in executing on our strategies in the face of this competition, our business could be materially adversely affected.

The in-home personal care services industry, which is sometimes referred to as the home healthcare services industry, is highly competitive. Our Personal Care PCS segment competes with a variety of other companies in providing personal care services, some of which may have greater financial and other resources and may be more established in their respective communities. Competing companies may offer newer or different services from those offered by us, which may attract customers who are presently receiving our in-home personal care services to those other companies. Competing companies may also offer services across a greater continuum of care and therefore may be able to obtain new cases or retain patients that might otherwise choose us. In the areas in which our in-home personal care programs are provided, we also compete with a large number of organizations, including:

- community-based home healthcare providers;
- hospital-based home healthcare agencies;
- rehabilitation centers, including those providing home healthcare services;
- adult day care centers;
- assisted living centers;
- skilled nursing facilities; and
- fiscal intermediaries that process payroll and undertake other administrative responsibilities related to the provision of care by a patient’s family members or other directly-hired personal assistants.

Some of our current and potential competitors have or may obtain significantly greater marketing and financial resources to promote their programs than we have or may obtain. We compete based on the availability of personnel, the quality of services, the expertise of staff and, in some instances, the price of the services. Relatively few barriers to entry in the personal care industry exist in our local markets. Accordingly, other companies, including hospitals and other healthcare organizations that are not currently providing in-home personal care services, may expand their services to include those services or similar services. We may encounter increased competition in the future that could negatively impact patient referrals to us and limit our ability to maintain or increase our market position, the effect of any of which could have a material adverse effect on our business, financial position, results of operations and liquidity.

If any large, national healthcare entities that do not currently directly compete with us move into the in-home personal care market, competition could significantly increase. Larger, national healthcare entities have significant financial resources and extensive technology infrastructure. In addition, companies that currently compete with respect to some of our personal care services could begin competing with additional services through the acquisition of an existing company or de novo expansion into these services. Additionally, consolidation, especially by way of the acquisition of any of our competitors by any large, national healthcare entity, could also lead to increased competition.

State certificates of need, or CON, laws, which often limit the ability of competitors to enter into a given market, are not uniform throughout the United States and are frequently the subject of efforts to limit or repeal such laws. If states remove existing CON laws, we could face increased competition in these states. Further, we cannot assure you that we will be able to compete successfully against current or future competitors, which could have a material adverse effect on our business, results of operations and financial condition.

If we are unable to maintain relationships with existing patient referral sources, our business and consolidated financial condition, results of operations and cash flows could be materially adversely affected.

Our success in entering the markets we serve depends on referrals from physicians, hospitals, nursing homes, service coordination agencies, MCOs, health plans and other sources in the communities we serve and on our ability to maintain good relationships with existing referral sources. Our referral sources are not contractually obligated to refer patients to us and may refer their patients to other providers. Our growth and profitability depends, in part, on our ability to establish and maintain close working relationships with these patient referral sources and to increase awareness and acceptance of the benefits of personal care services by our referral sources and their patients. Our loss of, or failure to maintain, existing relationships or our failure to develop new referral relationships could have a material adverse effect on our business.

Many states have CON laws or other regulatory and licensure obligations that may adversely affect the successful integration of our personal care service lines and that may adversely affect our ability to expand into new markets and thereby limit our ability to grow and increase net patient service revenue.

Many states have enacted CON laws that require prior state approval to open new healthcare facilities or expand services at existing facilities. In such states, expansion by existing providers or entry into the market by new providers is permitted only where a given amount of unmet need exists, resulting either from population increases or a reduction in competing providers. These states ration the entry of new providers or services and the expansion of existing providers or services in their markets through a CON process, which is periodically evaluated and updated as required by applicable state law. The process is intended to promote comprehensive healthcare planning, assist in providing high-quality healthcare at the lowest possible cost and avoid unnecessary duplication by ensuring that only those healthcare facilities and operations that are needed will be built and opened. New York, New Jersey, and West Virginia have CON laws applicable to the in-home personal care services we provide.

In every state where required, our home healthcare offices and personal care centers possess a license and/or CON issued by the state health authority that determines the local service areas for the home healthcare office or personal care center. In general, the process for opening a home healthcare office or personal care center begins by a provider submitting an application for licensure and certification to the state and federal regulatory bodies, which is followed by a testing period of transmitting data from the applicant to the CMS. Once this process is complete, the care center receives a provider agreement and corresponding number and can begin billing for services that it provides unless a CON is required. For those states that require a CON, the provider must also complete a separate application process before billing can commence and receive required approvals for capital expenditures exceeding amounts above prescribed thresholds. Our failure or inability to obtain any necessary approvals could adversely affect our ability to expand into new markets and to expand our Personal Care PCS segment services and facilities in existing markets.

If a state with CON laws finds that there is an over-abundance of one type of Medicaid provider within the state, it may, for a period of time, impose a moratorium against the issuance of new Medicaid licenses for that type of service. While a moratorium would not prohibit us from continuing to provide services for which we are already licensed in that state, it may prevent us from entering a new state de novo, which could limit our expansion opportunities, affect our ability to execute on our business strategies and materially harm our business and operations.

We may not, absent the consent of the New York Department of Health, be able to manage the day to day operations of the licensed in-home personal care services agency business in the State of New York, which would have an adverse impact on our expected results from that acquisition and could result in a material adverse effect on our business and operations.

Our operation of our licensed in-home personal care services agency business in the State of New York is subject to a “no control” affidavit process. We submitted our relevant information associated with this process concurrently with the closing of the Simplura acquisition, but while we wait for necessary approvals, we will be limited in our ability to exercise control over the personal care business there for operational matters until such time that our ownership of that business is approved by the New York Department of Health. We can provide no assurance regarding the timing of the approval of this change of ownership by the New York Department of Health, or that such approval will be obtained at all. During this time, we cannot exercise day to day management of these entities, and the pre-acquisition management of Simplura or individuals hired by the pre-acquisition management of Simplura will continue to operate the business. There is no prohibition on these entities making cash distributions to us during this interim period, but there can be no assurance that we will obtain the necessary authorization from the New York Department of Health to remove the “no control” affidavit and operate this business ourselves. If we are not able to ultimately take over control of these operations, or if we are only able to do so on a more limited basis than anticipated, we may not achieve the synergies and operational benefits expected from the Simplura acquisition as contemplated and our business and results of operations could be materially adversely affected.

Changes in the case-mix of our personal care patients, as well as payor mix and payment methodologies, may have a material adverse effect on our profitability.

The sources and amounts of our patient revenues are determined by a number of factors, including the mix of patients and the rates of reimbursement among payors. Changes in the case-mix of the patients as well as payor mix among private pay, Medicare and Medicaid, as well as specialty programs, including waiver programs within Medicaid, may significantly affect our profitability. In particular, any significant increase in our Medicaid population or decrease in Medicaid payments could have a material adverse effect on our financial position, results of operations and cash flow, particularly if states operating these programs continue to limit, or more aggressively seek limits on, reimbursement rates or service levels.

Our loss of existing favorable managed care contracts could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows.

There is a risk that our existing favorable managed care contracts could be terminated. Managed care contracts typically permit us or the payor to terminate the contract without cause, typically within 90 days, which can provide payors leverage to reduce volume or obtain favorable pricing. Our failure to negotiate and put in place favorable managed care contracts, or our failure to maintain favorable managed care contracts, could have a material adverse effect on our business.

The personal care industry has historically experienced shortages in qualified employees and management, which could harm our business.

Our personal care services compete with other healthcare providers for both professional and management level employees. Our ability to attract and retain qualified personnel depends on several factors, including our ability to provide these personnel with attractive assignments for the desired number of hours per week and competitive compensation and benefits. There can be no assurance that we will succeed in any of these areas. As the demand for personal care services continues to exceed the supply of available and qualified personnel, our competitors may be forced to offer more attractive wage and benefit packages to these professionals. Furthermore, the competitive market for this labor force has created turnover as many seek to take advantage of the supply of available positions, each offering new and more attractive wage and benefit packages. In addition to the wage pressures inherent in this environment, including any changes to minimum wage, the cost of training new employees amid the turnover rates may cause added pressure on our operating results and harm our business.

Our personal care business may be adversely impacted by labor relations which could create labor disruptions that impact our ability to perform our obligations.

Approximately 2,700 of our hourly caregivers are unionized in regions of New York. Certain collective bargaining agreements with the 1199 SEIU United Healthcare Workers East are currently being negotiated, and others will require renegotiation upon expiration. We may not be able to negotiate terms that are satisfactory to the labor unions, and ultimate agreement may be on terms unfavorable to us. In addition, a unionized work force poses the risk of work stoppages, which if initiated could materially harm our results of operations as well as our commercial relationships with our customers if we are unable to perform under our contracts with them during any such stoppage.

If additional regions in which we operate become unionized, or if we expand our personal care operations into geographic areas where healthcare workers historically have been unionized, being subject to additional collective bargaining agreements may have a negative impact on our ability to timely and successfully recruit qualified personnel and may increase our operating costs. Generally, if we are unable to attract and retain qualified personnel, the quality of our services may decline and we could lose patients and referral sources, which could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows.

Our Personal Care PCS segment may be subject to malpractice or other similar claims, which could adversely impact our brand and our success in the marketplace.

The services our Personal Care PCS segment offers involve an inherent risk of professional liability and related substantial damage awards. Due to the nature of our personal care business, we, through our employees and caregivers who provide services on our behalf, may be the subject of medical malpractice claims. A court could find that these individuals should be considered our agents, and, as a result, we could be held liable for their acts or omissions. Claims of this nature, regardless of their ultimate outcome, could have a material adverse effect on our business or reputation or on our ability to attract and retain patients and employees. While we maintain malpractice liability coverage that we believe is appropriate given the nature and breadth of our operations, any claims against us in excess of insurance limits, or multiple claims requiring us to pay deductibles, could have a material adverse effect on our business and consolidated financial condition, results of operations and cash flows.

Risks Related to Our Remote Patient Monitoring RPM Segment

We operate in a competitive industry, and any failure to develop and enhance technology applications could harm our business, financial condition and results of operations.

Strategic shifts in the industry as a result of the pandemic toward in-home care solutions have accelerated the growth in the RPM industry which is a competitive industry and we expect it to attract increased competition, which could make it difficult for us to succeed. We currently face competition in the RPM industry from a range of companies, including specialized software and solution providers that offer similar solutions, often at substantially lower prices, and that are continuing to develop additional products and becoming more sophisticated and effective. In addition, large, well-financed health plans have in some cases developed their own telehealth, expert medical service or chronic condition management tools and may provide these solutions to their customers at discounted prices. Competition from specialized software and solution providers, health plans and other parties will result in continued pricing pressures, which is likely to lead to price declines in certain product segments, which could negatively impact our sales, profitability and market share.

Some of our competitors may have, or new competitors or alliances may emerge that have, greater name recognition, a larger customer base, longer operating histories, more widely-adopted proprietary technologies, greater marketing expertise, larger sales forces and significantly greater resources than we do. Further, our current or potential competitors may be acquired by third parties with greater available resources. As a result, our competitors may be able to respond more quickly and effectively than we can to new or changing opportunities, technologies, standards or customer requirements and may have the ability to initiate or withstand substantial price competition. In addition, current and potential competitors have established, and may in the future establish, cooperative relationships with vendors of complementary products, technologies or services to increase the availability of their solutions in the marketplace. Our competitors could also be better positioned to serve certain segments of our markets, which could create additional price pressure. In light of these factors, even if our solutions are more effective than those of our competitors, current or potential customers may accept competitive solutions in lieu of purchasing our solutions. If we are unable to successfully compete, our business, financial condition and results of operations could be materially adversely affected.

If we do not continue to innovate and provide services that are useful to customers and achieve and maintain market acceptance, we may not remain competitive, and our revenue and results of operations could suffer.

Our success depends on our ability to keep pace with technological developments, satisfy increasingly sophisticated customer requirements, and achieve and maintain market acceptance on our existing and future services in the rapidly evolving market for the management and administration of healthcare services. In addition, market acceptance and adoption of our existing and future services depends on the acceptance by health plans and provider partners as to the distinct features, cost savings and other perceived benefits of our existing and future offerings as compared to competitive alternative services. Our competitors are constantly developing products and services that may become more efficient or appealing to our customers. As a result, we must continue to invest significant resources in research and development in order to enhance our existing services and introduce new services that our customers will want, while offering our existing and future services at competitive prices. If we are unable to predict customer preferences or industry changes, or if we are unable to modify our existing and future services on a timely or cost-effective basis, we may lose customers and our business, financial condition and results of operations may be harmed.

If we are not successful in demonstrating to existing and potential customers the benefits of our existing and future services, or if we are not able to achieve the support of health plans and provider partners for our existing and future services, our revenue may decline or we may fail to increase our revenue in line with our forecasts. Our results of operations would also suffer if our technology and other innovations are not responsive to the needs of our customers, are not timed to match the corresponding market opportunity, or are not effectively brought to market.

Risks Related to Our Corporate and Other Segment

Our investment in Matrix could be adversely affected by our lack of sole decision-making authority, our reliance on our equity investment's financial condition, any disputes that may arise between us and Matrix and our exposure to potential losses from the actions of Matrix, and could materially and adversely affect the value of our consolidated assets.

We hold a non-controlling interest in Matrix, which, as of December 31, 2022 December 31, 2023, constituted 2.1% 2.4% of our consolidated assets. We do not have unilateral power to direct the activities that most significantly impact Matrix's economic performance. The arrangement with Matrix involves risks not present with respect to our wholly-owned subsidiaries and that may negatively impact our financial condition and results of operations or make the arrangement less successful than anticipated. Factors that may negatively impact the success of our Matrix investment include the following:

- we may be unable to take actions that we believe are appropriate but are opposed by Matrix under arrangements that require us to cede or share decision-making authority over major decisions affecting the ownership or operation of the company and any property owned by the company, such as the sale or financing of the business or the making of additional capital contributions for the benefit of the business;
- Matrix management may take actions that we oppose;
- we may be unable to sell or transfer our investment to a third party if we fail to obtain the prior consent of our investment partner;
- Matrix may become bankrupt or the majority member may fail to fund its share of required capital contributions, which could adversely impact the investment or increase our financial commitment to the investment;
- Matrix may have business interests or goals with respect to a business that conflict with our business interests and goals, including with respect to the timing, terms and strategies for investment, which could increase the likelihood of disputes regarding the ownership, management or disposition of the business;
- disagreements with Matrix could result in litigation or arbitration that increases our expenses, distracts our management, and disrupts the day-to-day operations of the business, including the delay of important decisions until the dispute is resolved; and
- we may suffer losses as a result of actions taken by Matrix with respect to our investment.

If any of the foregoing events were to transpire, our results of operations and liquidity position could be materially adversely affected and our business could be materially harmed.

As part of our investment in innovation, the MSO provides virtual clinical care management services through the PC, an unaffiliated professional corporation owned and operated by a licensed physician, and our relationships or arrangements with the PC could become subject to legal challenges.

The MSO's contractual relationships and arrangements with the PC, through which virtual healthcare services are provided, may implicate certain state laws that generally prohibit non-professional entities from providing licensed medical services or exercising control over licensed physicians or other healthcare professionals (such activities are generally referred to as the "corporate practice of medicine") or engaging in certain practices such as fee-splitting with such licensed professionals. The interpretation and enforcement of these laws vary significantly from state to state. There can be no assurance that these laws will be interpreted in a manner consistent with our practices or that other laws or regulations will not be enacted in the future that could have an adverse effect on our business, financial condition and results of operations. Regulatory authorities, state boards of medicine, state attorneys general and other parties may assert that, despite the agreements through which we operate, we are engaged in the provision of medical services and/or that our arrangements with the PC constitute unlawful fee-splitting. If a jurisdiction's prohibition on the corporate practice of medicine or fee-splitting is interpreted in a manner that is inconsistent with our practices, we would be required to restructure or terminate our arrangements with the PC to bring our activities into compliance with such laws. A determination of non-compliance, or the termination of or failure to successfully restructure these relationships could result in disciplinary action, penalties, damages, fines, and/or a loss of revenue, any of which could have a material and adverse effect on our business, financial condition and results of operations. Some state corporate practice of medicine and fee-splitting prohibitions also authorize penalties on healthcare professionals for aiding in the improper rendering of professional services, which could discourage physicians and other healthcare professionals with whom we contract from providing clinical services.

The MSO, the PC and the medical practitioners providing virtual clinical care services through such PC may become subject to medical liability claims, which could have an adverse impact on our business.

The relationships and arrangements between the MSO, the PC and the medical practitioners providing virtual clinical care services through such PC entail the risk of medical liability claims against the MSO. Although we carry insurance covering medical malpractice claims in amounts that we believe are appropriate in light of the risks attendant to our business, successful medical liability claims could result in substantial damage awards that exceed the limits of our insurance coverage, and/or plaintiffs in these matters may request punitive or other damages that may not be covered by insurance. In addition, such liability insurance is expensive and insurance premiums may increase significantly in the future, particularly as we expand the services offered by the MSO. As a result, adequate liability insurance may not be available to the MSO in the future at acceptable costs or at all. Any claims made against the MSO that are not fully covered by insurance could be costly to defend, result in substantial damage awards against the MSO and divert the attention of our or the MSO's management, which could have an adverse effect on our business, financial condition and results of operations.

If the MSO or the PC fail to comply with applicable data interoperability and information blocking rules, our consolidated results of operations could be adversely affected.

The 21st Century Cures Act (the "Cures Act"), which was signed into law in December 2016, includes provisions related to data interoperability, information blocking and patient access. In May 2020, CMS and the HHS Office of the National Coordinator for Health Information Technology ("ONC") published the Cures Act final rule, which went into effect on April 5, 2021, to clarify provisions of the Cures Act regarding interoperability and information blocking, and to include, among other things, requirements surrounding information blocking, changes to ONC's health IT certification program and requirements that CMS-regulated payors make relevant claims/care data and provider directory information available through standardized patient access and provider directory application programming interfaces, or APIs, that connect to provider electronic health record systems ("EHRs"). The final rule will transform the way in which healthcare providers, health IT developers, health information exchanges/health information networks, ("HIEs/HINs"), and health plans share patient information, and create significant requirements for healthcare industry participants. For example, the final rule prohibits healthcare providers, health IT developers of certified health IT, and HIEs/HINs from engaging in practices that are likely to interfere with, prevent, materially discourage, or otherwise inhibit the access, exchange or use of electronic health information ("EHI"), also known as "information blocking." To further support access and exchange of EHI, the final rule identifies eight "reasonable and necessary activities" as exceptions to information blocking activities, as long as specific conditions are met. As a relatively new rule, the interpretation of these requirements is continuing to evolve and any failure of the MSO or the PC to comply with these rules could have an adverse effect on our business, results of operations and financial condition.

The MSO and the PC remote patient monitoring business model depends on the ability for new patient encounters to occur remotely by means of telehealth, and if the telehealth flexibilities currently permitted under the Consolidated Appropriations Act of 2023 are not extended, this business model may no longer be feasible and our results of operations could be adversely affected.

Under the CMS' 2021 Physician Fee Schedule final rule, CMS limited the provision of RPM services to "established patients" of a billing physician, which required an initiating in-person visit with the physician. In the CMS' 2024 Physician Fee Schedule final rule, CMS confirmed that the "established patient" limitation continues to be in place for RPM services.In response to the COVID-19 pandemic, CMS made several changes in the manner in which Medicare will pay for telehealth visits, many of which relax previous requirements, including the "established patient" restriction, initiating site requirements for both the providers and patients and telehealth modality requirements. The Consolidated Appropriations Act of 2023 extended many of the COVID-19 public health emergency provisions related to telehealth until December 31, 2024, including the flexibility to permit a patient's home to be an originating cite and to permit telehealth by means of audio only communication. State law applicable to telehealth, particularly licensure requirements, has also been relaxed in many jurisdictions as a result of the COVID-19 pandemic. It is unclear which, if any, of these changes will remain in place permanently and which will be rolled-back following the COVID-19 pandemic. If regulations change to restrict the ability of physicians to deliver care through telehealth modalities, including with respect to the initiating visit, our results of operations may be adversely affected.

Risks Related to Governmental Regulations

Healthcare is a heavily regulated industry, and compliance with existing laws is costly, and non-compliance has the potential to be even costlier considering that violations of laws may result in corrective action or sanctions that could reduce our revenue and profitability.

The United States healthcare industry is subject to extensive federal and state oversight relating to, among other things:

- professional licensure;
- conduct of operations;
- addition of facilities, equipment and services, including certificates of need, or CON;
- coding and billing related to our services; and
- payment for services.

Both federal and state government agencies have increased coordinated civil and criminal enforcement efforts related to the healthcare industry. Regulations related to the healthcare industry are extremely complex and, in many instances, the industry does not have the benefit of significant regulatory or judicial interpretation of those laws.

Medicare and Medicaid anti-fraud and abuse laws prohibit certain business practices and relationships related to items and services reimbursable under Medicare, Medicaid and other governmental healthcare programs, including the payment or receipt of remuneration to induce or arrange for referral of patients or recommendation for the provision of items or services covered by Medicare or Medicaid or any other federal or state healthcare program, often referred to as the Anti-Kickback Statute. Federal and state laws also prohibit the submission of false or fraudulent claims, including claims to obtain reimbursement under Medicare and Medicaid, under what is commonly referred to as the False Claims Act. We have implemented policies to help assure our compliance with these regulations as they become effective, but interpretations different from our interpretations or enforcement of these laws and regulations in the future could subject our practices to allegations of impropriety, illegality, or overpayment, or could require us to make changes in our facilities, equipment, personnel, services or the manner in which we conduct our business, any of which could increase costs and could materially adversely affect our business and results of operations.

Changes to the regulatory landscape applicable to our businesses could have a material adverse effect on our results of operations and financial condition. condition, including the proposed ruling by the Centers for Medicare and Medicaid Services ("CMS") titled Ensuring Access to Medicaid Services

Our Personal Care PCS segment locations that maintain a Medicare certified home healthcare line of business (for example, in Pennsylvania and Massachusetts) must comply with ever changing federal conditions or participation, where compliance is difficult to achieve and hard to monitor. Recently implemented requirements for which adherence is particularly challenging include the need to:

- provide transfer summary to facility within two days of a planned transfer or within two business days of becoming aware of an unplanned transfer if the patient is still receiving care in the facility;

- provide written notice of patient's rights and responsibilities, and transfer and discharge policies to a patient-selected representative within four business days of the initial evaluation visit;
- communicate revisions to the plan of care due to change in health status to the patient, representative (if any), caregiver and physicians issuing orders for plan of care; and
- communicate discharge plan revisions to the patient, representative (if any), caregiver, all physicians issuing orders for the plan of care and to the provider expected to care for the patient after discharge (if any).

CMS could adopt new requirements or guidelines that may further increase the costs associated with the provision of certified services, which could harm our business and have a material adverse effect on our results of operations. As an example, components of the 2023 proposed ruling released by CMS titled *Ensuring Access to Medicaid Services*, which proposes advancements in access to care, quality of care, and improved health outcomes for Medicaid beneficiaries, include stipulations which would require that 80.0% of Medicaid payments for personal care services be spent on compensation for the direct care workforce rather than other administrative or overhead expenses. This requirement would limit our ability to achieve a gross margin that would allow us to continue to invest in technological platforms that would ease the administrative burden and allow our care providers to focus on higher quality of care, which could have a material adverse effect on our results of operations and financial condition.

In New York, we provide Service Coordination, or SC, and/or Home and Community Support Services, or HCSS, to 731 Traumatic Brain Injury, or TBI, and Nursing Home Transition and Diversion, or NHTD, Medicaid waiver participants. These waiver programs were developed based on the philosophy that individuals with disabilities, individuals with traumatic brain injury, and seniors, may be successfully served and included in their surrounding communities so long as the individual is the primary decision maker and works in cooperation with care providers to develop a plan of services that promotes personal independence, greater community inclusion, self-reliance and participation in meaningful activities and services. Examples of activities that are at various stages of implementation that may implicate or materially adversely affect our waiver line of business profitability follow.

- **Conflict Free Case Management** – The NYS DOH, in collaboration with CMS, is implementing mandatory conflict-free case management policies. Conflict-free case management requires the separation of clinical eligibility determinations and care planning assessments (for example, SC) from the direct provision of services (for example, HCSS). Providers in the personal care industry are expected to implement additional conflict of interest standards that may or may not ultimately require the creation of legally separate entities with distinct protocols.

- **Managed Long-Term Care Carve-In** – Managed Long-Term Care, or MLTC, is a system believed to streamline the delivery of long-term care services to people who are chronically ill or disabled and who wish to reside, or continue to reside, safely in their homes and communities. The entire array of services to which an enrolled member is entitled can be received through the MLTC plan a particular member has chosen. As New York transforms its long-term care system to one that ensures care management for all, enrollment in a MLTC plan may be mandatory or voluntary, depending on individual circumstances. While TBI and NHTD participants are currently excluded from having to enroll in a MLTC plan (for example, SC and HCSS claims are billed and paid on a Medicaid fee-for-service basis), the NYS DOH submitted a transition plan to CMS for consideration that eliminates the exclusion, meaning that TBI and NHTD waiver participants who wish to continue receiving services must enroll in a plan. While the primary goal stated was to improve access to all services across the state, the result may also require our navigation of network participation requirements and typical managed care cost control measures (for example, authorizations, utilization review, rate negotiation).

Regarding in-home personal care generally (including certified or non-certified and waiver or non-waiver), compliance with responsibilities under the Fair Labor Standards Act, or FLSA, remains key. The United States Department of Labor, or DOL, continues its focus on the industry to ensure that personal care workers earn a minimum wage and are afforded various overtime pay protections. We may be sued individually or by a class of workers claiming that a violation has occurred, or a complaint may be filed with the DOL to investigate. If it is ultimately found that we neglected to pay the full amount of wages owed under the FLSA (for meals, breaks, travel, or otherwise), payment for the missing amount and possibly double that amount may be mandated, which could materially increase our costs and harm our results of operations.

With respect to our Matrix investment, the CHA Comprehensive Health Assessment ("CHA") services industry is primarily regulated by federal and state healthcare laws and the requirements of participation and reimbursement of the Medicare Advantage program established by CMS. From time to time, CMS considers changes to regulatory guidelines with respect to prospective CHAs or the risk adjusted payment system applicable to Matrix's Medicare Advantage plan customers. CMS could adopt new requirements or guidelines that may, for example, increase the costs associated with CHAs, limit the opportunities and settings available to administer CHAs, or otherwise change the risk adjusted payment system in a way that would adversely impact our business. Further, changes in or adoption of new state laws governing the scope of practice of mid-level practitioners, or more restrictive interpretations of such laws, may restrict Matrix's ability to provide services using nurse practitioners. Any such implementation of additional regulations on the CHA industry by CMS or other regulatory bodies or further regulation of mid-level practitioners could have a material adverse impact on Matrix's revenues and margins, which could have a material adverse impact on our balance sheet and financial position.

State revalidation and potential reduction of eligible Medicaid beneficiaries as a result of the restart of the Medicaid eligibility redetermination process following the expiration of the COVID-19 public health emergency under the Families First Coronavirus Response Act (2020) could diminish the demand for our services, affect the profitability of our capitated contracts with our customers, and have a material adverse effect on our results of operations and financial condition.

The Families First Coronavirus Response Act (2020) requires states to maintain Medicaid beneficiary eligibility for all Medicaid participants through the last day of the month in which the COVID-19 PHE ends. On May 11, 2023, the Department of Health and Human Services ("HHS") declared the end of the PHE for the COVID-19 pandemic. Prior to the enactment of the Act, states regularly reviewed on an on-going basis whether Medicaid participants qualified for the program, based on factors such as income, age or disability status. While states were prohibited from removing ineligible participants from their Medicaid rolls during the PHE, new enrollment steadily increased, resulting in record high levels of Medicaid participation. Now that HHS has declared the end of the PHE, states must revalidate the eligibility of each Medicaid beneficiary once every 12 months. During this process, a significant number of Medicaid beneficiaries could lose Medicaid coverage, not only because of changed circumstances such as regained employment, but also as a result of clerical and other errors that may leave otherwise eligible beneficiaries off the rolls due to the administrative burden to be placed on short-staffed state and local offices. A drop in Medicaid enrollment could affect adversely our ability to be reimbursed by our customers for the services we provide to our end-users, our NEMT per-member per-month fee generation under our capitated contracts, and our FFS payments and the demand for our services generally, the occurrence of any of which could harm our business and have a material adverse effect on our results of operations and financial condition.

The cost of our services is funded substantially by government and private insurance programs, and changes in budgetary priorities of the government entities or private insurance programs that fund these services could result in the loss of contracts, a reduction in reimbursement rates, or a decrease in amounts payable to us under our contracts.

Payments for our services are largely derived from contracts that are directly or indirectly paid by government agencies with public funds and private insurance companies. All of these contracts are subject to legislative appropriations and state and/or national budget approval, as well as changes to potential eligibility for services. The availability of funding under our contracts with state governments is dependent in part upon federal funding to states. Changes in Medicaid provider reimbursement and federal matching funds methodologies may further reduce the availability of federal funds to states in which we provide services.

Currently, many of the states in which we operate are facing budgetary shortfalls or changes in budgetary priorities. While many of these states are dealing with budgetary concerns by shifting costs from institutional care to home and community-based care such as the services we provide, there is no assurance that this trend will continue or be implemented as it has been historically. For example, in New York (one of several states where our Personal Care PCS segment provides services under the name "All Metro Health Care"), there are Medicaid Redesign Team initiatives taking place aimed at reducing Medicaid expense through provider consolidation and other measures. Our continued ability to provide core services, though expected, is now dependent upon various competitive bid processes, including the following:

- **LHCSA Request for Proposal (Anticipated)** – The FY 2021 enacted New York State Budget created a new Public Health Law, or PHL, Section 3605-c which, if implemented, would prohibit Licensed Home Care Service Agencies, or LHCSAs, such as our Personal Care PCS segment's individually-licensed branches, from providing or claiming for services provided to Medicaid recipients without being authorized to do so by contract with the NYS DOH. This restriction would apply to the provision of such services under the state Medicaid plan, a plan waiver, or through an MCO (for example, managed long-term care plan). If implemented, the statute would require the NYS DOH to contract with only enough LHCSAs to ensure that Medicaid recipients have access to care. The NYS DOH is expected to post an RFP that includes demonstrated cultural and language competencies specific to the population of recipients and the available workforce, experience serving individuals with disabilities, and demonstrated compliance with all applicable federal and state laws and regulations among the selection criteria. After contracts are awarded, the NYS DOH could terminate a LHCSA's contract, or suspend or limit a LHCSA's rights and privileges under a contract, upon thirty-days' written notice if the Commissioner of Health finds that a LHCSA has failed to comply with the provisions of Section 3605-c or any regulations promulgated under the statute. Also, authorization received by LHCSAs under PHL Section

3605-c would not substitute for satisfying existing licensure requirements or the screening and enrollment process required for participation in the Medicaid program.

Consequently, a significant decline in government or private insurance company expenditures or the number of program beneficiaries, a shift of expenditures or funding away from programs that call for the types of services that we provide, or change in government contracting or funding policies could cause payors to terminate their contracts with us or reduce their expenditures or reimbursement rates under those contracts, either of which could have a negative impact on our financial position and operating results.

We are subject to regulations relating to privacy and security of patient and service user information, and our failure to comply with such regulations could result in a material adverse impact on our operating results.

There are numerous federal and state regulations addressing patient information privacy and security concerns. In particular, the federal regulations issued under HIPAA contain provisions that:

- protect individual privacy by limiting the uses and disclosures of patient information;
- require the implementation of security safeguards to ensure the confidentiality, integrity and availability of individually identifiable health information in electronic form; and
- prescribe specific transaction formats and data code sets for certain electronic healthcare transactions.

Compliance with state and federal privacy laws and regulations requires considerable resources. These costs and investments could negatively impact our financial position and results of operations. Further, the HIPAA regulations and state privacy laws expose us to increased regulatory risk, as the penalties associated with a failure to comply or with information security breaches, even if unintentional, could be substantial and have a material adverse effect on our financial position and results of operations.

We could be subject to actions for false claims or recoupment of funds pursuant to certain audits for non-compliance with government coding and billing rules, which could have a material adverse impact on our operating results.

If we fail to comply with federal and state documentation, coding and billing rules, we could be subject to criminal or civil penalties, loss of licenses and exclusion from the Medicare and Medicaid programs, which could have a material adverse impact on our financial position and operating results. In billing for our services to third-party clients, we must follow complex documentation, coding and billing rules. These rules are based on federal and state laws, rules and regulations, various government pronouncements, including guidance and notices, and industry practice. Failure to follow these rules could result in potential criminal or civil liability under the federal False Claims Act, under which extensive financial penalties can be imposed, or under various state statutes which prohibit the submission of false claims for services covered. Compliance failure could further result in criminal liability under various federal and state criminal or civil statutes. We may be subject to audits conducted by our clients or their proxies, including the Office of Inspector General, or OIG, for the Department of Health and Human Services, or DHHS, state Medicaid regulatory agencies, state Medicaid fraud enforcement agencies, health departments, CMS, the Unified Program Integrity Contractors and regional federal program integrity contractors for the Medicare and Medicaid programs that may result in recoupment of funds. In addition, our clients may be subject to certain audits that may result in recoupment of funds from our clients that may, in turn, implicate us. We could be adversely affected in the event such an audit results in negative findings and recoupment from or penalties to our customers.

Our contracts are subject to stringent claims and invoice processing regimes which vary depending on the customer and nature of the payment mechanism. Government entities may take the position that if a transport cannot be matched to a medically necessary healthcare event, or is conducted inconsistently with contractual, regulatory or even policy requirements, payment for such transport may be recouped by such customer. Likewise, a government surveyor may determine that a personal care visit was not sufficiently supported by a time and attendance record and/or that the aide was not qualified on a particular date of service and seek a refund as a result.

While we carefully and regularly review documentation, and coding and billing practices, the rules are frequently vague and confusing and they cannot ensure that governmental investigators, private insurers or private whistleblowers will not challenge our practices. Such a challenge could result in a material adverse effect on our financial position and results of operations.

We could be subject to civil penalties and loss of business if we fail to comply with applicable bribery, corruption and other regulations governing business with public organizations.

We are subject to the federal Anti-Kickback Statute, which prohibits the offer, payment, solicitation or receipt of any form of remuneration in return for referring, ordering, leasing, purchasing or arranging for or recommending the ordering, purchasing or leasing of items or services payable by a federally funded healthcare program. Any of our financial relationships with healthcare providers will be potentially implicated by this statute to the extent Medicare or Medicaid referrals are implicated. Violations of the Anti-Kickback Statute could result in substantial civil or criminal penalties, including criminal fines of up to $100,000 per violation, imprisonment of up to ten years, civil penalties under the Civil Monetary Penalties Law of up to $100,000 per violation, plus three times the remuneration involved, civil penalties under the False Claims Act of up to $22,363 for each claim submitted, plus three times the amounts paid for such claims and exclusion from participation in the Medicaid and Medicare programs. Any such penalties could have a significant negative effect on our operations. Furthermore, the exclusion could result in significant reductions in our revenues, which could materially and adversely affect our business, financial position and results of operations.

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.

Our business is subject to licensing regulations and other regulatory provisions, including provisions governing surveys and audits, and changes to, or violations of, these regulations could negatively impact us.

In many of the locations where we operate, we are required by local laws to obtain and maintain licenses. The applicable state and local licensing requirements govern the services we provide, the credentials of staff, record keeping, treatment planning, client monitoring and supervision of staff. The failure to maintain these licenses or the loss of a license could have a material adverse impact on us and could prevent us from providing services to clients in a given jurisdiction. Our contracts are subject to surveys or audit by our payors or clients. We are also subject to regulations that restrict our ability to contract directly with a government agency in certain situations. Such restrictions could affect our ability to contract with certain payors and clients, and could have a material adverse impact on our financial condition and results of operations.

Our contracts are subject to audit and modification by the payors with whom we contract, at their sole discretion, and any such audits and modifications could materially and adversely affect our results of operations.

Our businesses depend on our ability to perform successfully under various government funded contracts. Under the terms of these contracts, payors, government agencies or their proxy contractors can review our compliance or performance, as well as our records and general business practices, at any time, and may in their discretion:

- suspend or prevent us from receiving new contracts or extending existing contracts because of violations or suspected violations of procurement laws or regulations;
- terminate or modify our existing contracts;
- seek to recoup the amount we were paid and/or reduce the amount we are paid under our existing contracts; or

- audit and object to our contract related fees.

Any increase in the number or scope of audits could increase our expenses, and the audit process may disrupt the day-to-day operations of our business and distract management. If payors have significant audit findings, or if they make material modifications to our contracts, it could have a material adverse impact on our financial position and results of operations.

State revalidation and potential reduction of eligible Medicaid beneficiaries following the expiration of the COVID-19 public health emergency under the Families First Coronavirus Response Act (2020) could diminish the demand for our services, affect the profitability of our capitated contracts with our customers, and have a material adverse effect on our results of operations and financial condition.

The Families First Coronavirus Response Act (2020) requires states to maintain Medicaid beneficiary eligibility for all Medicaid participants through the last day of the month in which the COVID-19 public health emergency ends. Prior to the enactment of the Act, states regularly reviewed on an on-going basis whether Medicaid participants qualified for the program, based on factors such as income, age or disability status. While states have been prohibited from removing ineligible participants from their Medicaid rolls, new enrollment has also steadily increased, resulting in record high levels of Medicaid participation. Once the federal government determines under the Act that the public health emergency has ended, which could occur any time after April 16, 2022, states must revalidate the eligibility of each Medicaid beneficiary once every 12 months. During this process, a significant number of Medicaid beneficiaries could lose Medicaid coverage, not only because of changed circumstances such as regained employment, but also as a result of clerical and other errors that may leave otherwise eligible beneficiaries off the rolls due to the administrative burden to be placed on short-staffed state and local offices. A drop in Medicaid enrollment could affect adversely our ability to be reimbursed by our customers for the services we provide to our end-users, our NEMT per-member per-month fee generation under our capitated contracts, and our FFS payments and the demand for our services generally, the occurrence of any of which could harm our business and have a material adverse effect on our results of operations and financial condition.

Risks Related to Our Indebtedness and Economic Conditions

Our existing debt agreements contain restrictions that limit our flexibility in operating our business and could have a material adverse effect on our business and results of operations.

Our agreements covering our outstanding indebtedness, including the New Credit Agreement and the indentures governing our Notes due 2025 and 2029, respectively, contain various covenants that limit or will limit our ability to engage in specified types of transactions. These agreements may, among other things, limit our ability to:

- incur additional debt;
- provide guarantees in respect of obligations of other persons;
- issue redeemable stock and preferred stock;
- pay dividends or distributions or redeem or repurchase capital stock;
- make loans, investments and acquisitions;
- enter into transactions with affiliates;
- create or incur liens;
- make distributions from our subsidiaries;
- permit contractual obligations that burden our ability to make distributions from our subsidiaries;
- sell assets and capital stock of our subsidiaries;
- make prepayments on subordinated debt; and
- consolidate or merge with or into, or sell substantially all of our assets to, another person.

In addition, our agreements covering our outstanding indebtedness, including the New Credit Agreement and the indentures governing our Notes due 2025 and 2029, require us to meet financial covenants associated with that debt, and contain cross-default provisions. For example, the New Credit Agreement contains an affirmative covenant regarding our Total Net Leverage Ratio as of the end of each of our fiscal quarters. See Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations for additional information regarding the New Credit Agreement and the Total Net Leverage Ratio.

A breach of any of these covenants or restrictions could result in a default under the applicable agreements that govern our indebtedness including as a result of cross default provisions, and, in the case of our New Credit Facility, permit the lenders to cease making loans to us. Upon the occurrence of an event of default under our New Credit Facility, the lenders could elect to declare all amounts outstanding under our New Credit Facility to be immediately due and payable and terminate all commitments to extend further credit. Such actions by those lenders could cause cross defaults under our other indebtedness. indebtedness resulting in our other indebtedness being declared immediately due and payable, including our Notes due 2025 and 2029. We cannot provide any assurance that the holders of such indebtedness would waive a default, including as a result of a cross default. In the event of acceleration of our outstanding indebtedness, we cannot assure you that we would will be able to repay the debt or obtain new financing to refinance the debt. Even if new financing is made available to us, it may not be on terms acceptable to us. If we were unable to repay these amounts, certain debt holders could proceed against the collateral granted to them to secure the indebtedness, including the equity of subsidiary guarantors that we have pledged as collateral, pursuant to our New Credit Agreement. If any of the foregoing were to occur, our business and results of operations could be materially adversely affected and the value of our equity could be materially diminished.

We have substantial indebtedness and lease obligations that could affect restrict our ability financial opportunities and competitive position and we may not be able to meet our obligations under generate sufficient cash to service all of our indebtedness and lease obligations and may otherwise restrict our activities and which could harm our operations and business.

Our substantial indebtedness and lease obligations could adversely affect our ability to raise additional capital to fund our operations, limit our ability to react to changes in the economy or our industry, expose us to interest rate risk to the extent of our variable rate indebtedness, and prevent us from meeting our obligations under the New Credit Facility and our Notes due 2025 and 2029. Our substantial indebtedness and lease obligations could have important consequences, including:

- increasing our vulnerability to adverse economic, industry or competitive developments;
- requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness and lease payments under our leases, therefore reducing our ability to use our cash flow to fund our operations, capital expenditures and future business opportunities;
- exposing us to the risk of increased interest rates because certain of our borrowings, including borrowings under the New Credit Facility, are at variable rates of interest;
- making it more difficult for us to satisfy our obligations with respect to our indebtedness and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default, including as a result of a cross-default, under the agreements governing such indebtedness, including the New Credit Facility and the Notes due 2025 and 2029;
- restricting us from making strategic acquisitions or causing us to make non-strategic divestitures;
- imposing restrictions on the operation of our business that may hinder our ability to take advantage of strategic opportunities or to grow our business;
- limiting our ability to obtain additional financing for working capital, capital expenditures (including real estate acquisitions), debt service requirements and general corporate or other purposes, which could be exacerbated by volatility in the credit markets; and

- limiting our flexibility in planning for, or reacting to, changes in our business or market conditions and placing us at a competitive disadvantage compared to any of our competitors who are less leveraged and who therefore may be able to take advantage of opportunities that our leverage prevents us from exploiting.

Our ability to make scheduled payments on and to refinance our indebtedness depends on and is subject to our financial and operating performance, which in turn is affected by general and regional economic, financial, competitive, business and other factors, all of which are beyond our control, including the availability of financing in the international banking and capital markets and the ongoing effects of the COVID-19 pandemic on the global economy. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to service our debt, to refinance our debt or to fund our other liquidity needs. Any refinancing or restructuring of our indebtedness could be at higher interest rates and may require us to comply with more onerous covenants that could further restrict our business operations. Further, in the event of a default, including as a result of a cross-default, the holders of our indebtedness could elect to declare such indebtedness be immediately due and payable, which could materially adversely affect our results of operations and financial condition.

Expiration of our New Credit Agreement, loss of available financing or an inability to renew or refinance our debt could have an adverse effect on our financial condition and results of operations.

The indebtedness subject to our Notes matures in 2025 and 2029 and subject to our New Credit Agreement matures in 2027 and there can be no assurance that we will be able to payoff timely or refinance our Notes or extend our indebtedness under our New Credit Agreement or enter into a new one on terms that are acceptable to us, or at all. If our cash on hand is insufficient, or we are unable to generate sufficient cash flows in the future to cover our cash flow and liquidity needs and service our debt, we may be required to seek additional sources of funds, including extending or replacing our indebtedness, refinancing all or a portion of our existing or future indebtedness, incurring additional indebtedness to maintain sufficient cash flow to fund our ongoing operating needs and fund anticipated expenditures. There can be no assurance that any new financing or refinancing will be possible or obtained on terms acceptable to us, or at all. If we are unable to obtain needed financing, we may (i) be unable to satisfy our ongoing obligations, (ii) be unable to pursue future business opportunities or fund acquisitions, (iii) find it more difficult to fund future operating costs, tax payments or general corporate expenditures, and (iv) become vulnerable to adverse general economic, capital markets and industry conditions. Any of these circumstances could have a material adverse effect on our financial position, liquidity and results of operations.

We may incur substantial additional indebtedness, which could impair our financial condition.

We may incur substantial additional indebtedness to fund our activities, including to fund share repurchases, acquisitions, cash dividends and business expansion. While our New Credit Agreement contains restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. Any additional indebtedness would increase the risk that we may be unable to generate cash sufficient to pay amounts due in respect of such indebtedness, and the risks that we already face as a result of our leverage would intensify. Future substantial indebtedness could also have other important consequences on our business. For example, it could:

- make it more difficult for us to satisfy our existing obligations;
- make it more difficult to renew or enter into new contracts with existing and potential future clients;
- limit our ability to borrow additional amounts to fund, among other things, working capital, capital expenditures, debt service requirements, the execution of our business strategy or acquisitions;
- require us to dedicate a substantial portion of our cash flow from operations to pay principal and interest on our debt, which would reduce the funds available to us for other purposes;
- restrict our ability to dispose of assets and use the proceeds from any such dispositions;
- restrict our ability to raise debt or equity capital to be used to repay other indebtedness when it becomes due;
- make us more vulnerable to adverse changes in general economic, industry and competitive conditions, as well as in government regulation and to our business; and
- expose us to risks inherent in interest rate fluctuations because some of 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 satisfy and manage our debt obligations depends on our ability to generate cash flow and on overall financial market conditions. To some extent, this is subject to prevailing economic and competitive conditions and to certain financial, business and other factors, many of which are beyond our control. Our business may not generate sufficient cash flow from operations to permit us to pay principal, premium, if any, or interest on our debt obligations. If we are unable to generate sufficient cash flow from operations to service our debt obligations and meet our other cash needs, we may be forced to reduce or delay capital expenditures, sell or curtail assets or operations, seek additional capital, or seek to restructure or refinance our indebtedness. If we must sell or curtail our assets or operations, it may negatively affect our ability to generate revenue.

Risks Related to Our Common Stock

If we are unable to remediate recently the identified material weaknesses in our internal control over financial reporting, or if we experience additional material weaknesses or other deficiencies or otherwise fail to maintain an effective system of internal controls, we may not be able to accurately and timely report our financial results, in which case our business may be harmed, investors may lose confidence in the accuracy and completeness of our financial reports, and the price of our common stock may decline.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting and for evaluating and reporting on the effectiveness of our system of internal control. Our 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 for external reporting purposes in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). We are required to furnish annually a report by management of its assessment of the effectiveness of our internal control over financial reporting as of the end of our most recent fiscal year. In addition, our independent registered public accounting firm is required to provide a related attestation report on our internal control over financial reporting.

In connection with our 2022 2023 year-end assessment of internal control over financial reporting, we determined that, as of December 31, 2022 December 31, 2023, we did not (i) conduct an effective risk assessment to identify and assess changes in our internal control environment, specifically the material weaknesses related to new IT systems the ineffective general information technology controls ("GITCs") and newly acquired companies, (ii) structure effective reporting lines, appropriate authorities, or responsibilities, or (iii) establish mechanisms to enforce accountability process-level control activities in the pursuit revenue and payroll processes within the PCS segment were unremediated as of objectives to establish December 31, 2023. The material weaknesses were largely a result of the continued integration of the PCS segment and operate effective internal control over financial reporting. the high volume of transactions across their disparate systems. For further discussion of the material weaknesses identified and our remedial efforts, see Item 9A, *Controls and Procedures*.

Remediation efforts place a significant burden on management and add increased pressure to our financial resources and processes. As a result, we may not be successful in making the improvements necessary to remediate the material weaknesses identified by management, or do so in a timely manner, or identify and remediate additional control deficiencies, including material weaknesses, in the future.

If we are unable to remediate successfully our existing or any future material weaknesses or other deficiencies in our internal control over financial reporting: the accuracy and timing of our financial reporting may be adversely affected; our liquidity, our access to capital markets, the perceptions of our creditworthiness, and our ability to complete acquisitions may be adversely affected; we may be unable to maintain compliance with applicable securities laws, The Nasdaq Stock Market LLC (“Nasdaq”) NASDAQ listing requirements, and the covenants under our debt instruments or derivative arrangements regarding the timely filing of periodic reports; we may be subject to regulatory investigations and penalties; investors may lose confidence in our financial reporting; and we may suffer defaults, accelerations, or cross-accelerations under our debt instruments or derivative arrangements to the extent we are unable to obtain waivers from the required creditors or counterparties or are unable to cure any breaches. If any such event or circumstance were to occur, our stock price could decline and our business, financial condition and results of operations could be materially adversely affected.

Future sales of shares of our common stock by existing stockholders could cause our stock price to decline.

Sales of substantial amounts of our common stock in the public market, or the perception that these sales could occur, could cause the market price of our common stock to decline. As of December 31, 2022 December 31, 2023, we had 19,729,923 19,775,041 shares of common stock outstanding that were freely transferable without restriction or further registration under the Securities Act, unless held by or purchased by our “affiliates” as that term is defined in Rule 144 under the Securities Act. Shares of our common stock held by or purchased by our affiliates are restricted or “covered” securities within the meaning of Rule 144 under the Securities Act, but will be eligible for resale subject to applicable volume, means of sale, holding period and other limitations of Rule 144 under the Securities Act.

With respect to our stockholders Coliseum Capital Partners, L.P., Coliseum Capital Partners II, L.P. and Blackwell Partners, LLC - Series A, as well as our former stockholder Coliseum Capital Co-Invest, L.P, which we sometimes refer to collectively as the Coliseum Stockholders, any or all of which may continue to be considered an affiliate or affiliates of ours, we have filed a registration statement that has been declared effective under the Securities Act covering the resale by the Coliseum Stockholders of an aggregate of 1,282,055 2,982,751 shares of our common stock that continue to be held by the Coliseum Stockholders. As a result, such shares may be sold pursuant to the registration statement without regard to the volume and other limitations of Rule 144 under the Securities Act that would otherwise be applicable to such sales.

We also filed a registration statement under the Securities Act to register additional shares of common stock to be issued under our Amended and Restated 2006 Long-Term Incentive Plan, or Incentive Plan, and, as a result, all shares of common stock acquired upon exercise of stock options or vesting of shares of restricted stock, restricted stock units or performance-based restricted stock units granted under our Incentive Plan will also be freely tradable under the Securities Act, unless purchased or acquired by our affiliates under the plan. As of December 31, 2022 December 31, 2023, there were vested stock options outstanding and exercisable to purchase a total of 26,332 42,054 shares of our common stock and there were 124,898 504,110 shares of our common stock subject to restricted stock awards, restricted stock units, and performance based performance-based restricted stock units under the plan. Incentive Plan. In addition, 1,177,991 792,338 shares of our common stock are reserved for future issuances under the Incentive Plan.

Our annual operating results and stock price may be volatile or may decline significantly regardless of our operating performance.

Our annual operating results and the market price for our common stock may fluctuate significantly in response to a number of factors, many of which we cannot control, including:

- changes in rates or coverage for services by payors;
- changes in Medicaid, Medicare or other United States federal or state rules, regulations or policies;
- market conditions or trends in our industry or the economy as a whole, including increases in the minimum wage requirements in various jurisdictions in which we operate, and fluctuations in the size of the Medicare member population as well as overall health of its members;
- increased competition, including through insourcing of services by our clients and new entrants to the market;
- negative effects from war, incidents of terrorism, natural disasters, pandemics, or responses to these events;
- changes in tax laws; and
- changes in accounting principles.

If any of these events or circumstances were to impact our results or stock price, our common stock price could decrease and the value of an investment in our common stock would experience a corresponding decrease.

In addition, the stock markets, and in particular NASDAQ, have experienced considerable price and volume fluctuations that have affected and continue to affect the market prices of equity securities of many companies. In the past, stockholders have instituted securities class action litigation following periods of market volatility. If we become involved in securities litigation, we could incur substantial costs, and our resources and the attention of management could be diverted from our business.

The Company depends on its subsidiaries for cash to fund all of its operations and expenses, including to make future dividend payments or to fund stock repurchases, if any, and there can be no assurance that our subsidiaries will make available to us the funds necessary for us to fund our operations and capital needs.

Our operations are conducted entirely through our subsidiaries. Our ability to generate cash to fund all of our operations and expenses, to pay dividends or complete stock repurchase programs, or to meet any debt service obligations is highly dependent on our subsidiaries' earnings and the receipt of funds from our subsidiaries by way of dividends or intercompany loans. We have not paid any cash dividends on our common stock and do not expect to pay any dividends on our common stock in the foreseeable future. We currently intend to invest our and our subsidiaries' future earnings, if any, to fund our growth, to develop our business, invest in our technology, for working capital needs and for general corporate purposes. To the extent that we determine in the future to pay dividends on our common stock, however, none of our subsidiaries will be obligated to make funds available to us for the payment of dividends. Similarly, our subsidiaries are not obligated to make funds available to us to fund stock repurchases. Further, our New Credit Agreement significantly restricts the ability of our subsidiaries to pay dividends, make loans or otherwise transfer assets to us. In addition, Delaware law imposes solvency restrictions on our ability to pay dividends to holders of our common stock. Therefore, you are not likely to receive any dividends on our common stock for the foreseeable future and the success of an investment in shares of our common stock will depend upon any future appreciation in their value. There is no guarantee that shares of our common stock will appreciate in value or even maintain the price at which stockholders have purchased their shares. Furthermore, if the subsidiaries are unable or unwilling to fund our cash needs when needed or desired, our results of operations and business and financial condition could be materially adversely affected.

If securities or industry analysts do not publish research or publish misleading or unfavorable research about our business, our stock price and trading volume could decline.

The trading market for our common stock depends in part on the research and reports that securities or industry analysts publish about us or our business. If one or more analysts downgrade our stock or publish misleading or unfavorable research about our business, our stock price would likely decline in reaction to such information. If one or more of these analysts ceases coverage of our company or fails to publish reports on us regularly, demand for our common stock could decrease, which could cause our common stock price or trading volume to decline.

Anti-takeover provisions in our second amended and restated certificate of incorporation, as amended, and amended and restated bylaws could discourage, delay or prevent a change of control of our company and may affect the trading price of our common stock.

Our second amended and restated certificate of incorporation, as amended, and amended and restated bylaws include a number of provisions that may be deemed to have anti-takeover effects, including provisions governing when and by whom special meetings of our stockholders may be called, and provisions that may discourage, delay or prevent a change in our management or control over us that stockholders may consider favorable. As a result of these provisions, holders of our common stock may not receive the full benefit of any premium to the market price of our common stock offered by a bidder in a takeover context.

Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of our common stock if the provisions are viewed as discouraging takeover attempts in the future. Our second amended and restated certificate of incorporation, as amended, and amended and restated bylaws, as amended, may also make it difficult for stockholders to replace or remove our management, including, provisions providing for staggered terms for our Board of Directors (the "Board"), no cumulative voting for the election of directors, and provisions governing director vacancies, which are filled only by remaining directors (including vacancies resulting from removal or other cause). , and, until the phase-out of our staggered Board of Directors (the "Board") is complete in 2025, provisions providing for staggered terms for certain members of the Board. These provisions may facilitate management entrenchment that may delay, deter, render more difficult or prevent a change in our control, which may not be in the best interests of our stockholders.

Item 1B. ***Unresolved Staff Comments.***

None.

Item 1C.***Cybersecurity.***
Risk Management and Strategy.

Our information technology ("IT") systems are critically important to our existing business operations and growth strategy. We provide services to individuals and others that require us to collect, process, maintain and retain sensitive and personal client confidential information in our IT systems, including patient identifiable health information, financial information and other personal information about our customers and end-users, such as names, addresses, phone numbers, email addresses, identification numbers, sensitive health data, and payment account information. As a result, we are subject to complex and evolving United States privacy laws and regulations, including those pertaining to the handling of personal data, such as HIPAA and CCPA. In addition to protecting the privacy of all health-related information for our members, our IT infrastructure supports the operations of all aspects of our business and ensures that we are able to continue to serve our members' transportation, personal care, and remote monitoring needs and execute our strategy to better connect people with care.

The Company's Enterprise Risk Management Team (the "ERM Team") works in collaboration with the Company's Information Security Team to set the enterprise risk strategy and make risk-informed decisions, which include the assessment and response to cybersecurity risk. The Company maintains an information security, technology, and cybersecurity risk management program overseen by the Chief Information Security Officer (the "CISO") that uses a risk-based methodology to support the security, confidentiality, integrity, and availability of its information. The Company's information security, technology, and cybersecurity risk management program provides the structure for managing the respective risks utilizing a combination of automated tools, documented processes, and third-party assessments to identify and assess potential cybersecurity risks. The Company engages third parties in connection with its cybersecurity program. Third party monitoring activities include the use of Security Information Event Monitoring ("SIEM") software and regularly scheduled vulnerability assessments performed by an independent third-party to capture and identify vulnerabilities, security events, and potential incidents.The Company also maintains a formal information security training program that includes training on matters such as phishing and email security best practices as well as data privacy which is required for all employees on an annual basis.

While processes are in place to minimize the chance of a successful cyberattack, the Company has established incident response policies and procedures to address a cyber threat that may occur despite these safeguards. In these instances, the Company maintains a cybersecurity incident response policy (the "Incident Response Policy") and cybersecurity incident response plan (the "Incident Response Plan") to help ensure a timely, consistent and compliant response to actual or attempted cybersecurity incidents impacting the Company. The Incident Response Plan includes (1) detection, (2) analysis, which may include timely notice to the Audit Committee of our Board if deemed material or appropriate, (3) containment, (4) eradication, (5) recovery and (6) post-incident review. The Incident Response Plan includes leveraging the Company's cross-functional

Cybersecurity Incident Committee that is supported by an organizational structure that includes executives across the Information Security, ERM, Finance, Legal, and Investor Relations functions of the business. The Cybersecurity Incident Committee is responsible for assessing the materiality of any cybersecurity incidents and for communicating any such incidents to the appropriate parties outside the Company.

The Company relies on our IT systems and networks in connection with many of our business activities. Some of these networks and systems are managed by third-party service providers and are not under our direct control. The Company has implemented processes to manage the cybersecurity risks associated with its use of third-party service providers, including processes during the contract review phase by both Information Security and Legal teams providing contractual safeguards as well as ongoing monitoring of third-party service providers for incidents that may affect the Company. To date, no cybersecurity incidents have had such a material adverse effect on us, and we are not presently aware of any cybersecurity threats that are reasonably likely to materially affect us.

Despite the security measures we have implemented, certain cyber incidents could materially disrupt our operational systems, compromise personally identifiable information regarding customers or employees, delay our ability to provide critical services to our customers, and/or jeopardize the security of our facilities. We continuously seek to maintain a robust program of information security and controls, but the impact of a material information technology event could have a material adverse effect on our competitive position, reputation, results of operations, financial condition and cash flows.

Governance.

Board's Roles and Responsibilities

The Audit Committee is responsible for overseeing and monitoring the Company's information security, technology, and cybersecurity program and other IT and data privacy risks, controls, strategies, and procedures. The Audit Committee is comprised of board members with expertise in the areas of risk management, finance and technology, enabling them to effectively oversee such cybersecurity and other IT and data privacy risks. The Audit Committee receives updates from management as needed or at least quarterly which cover the Company's current cybersecurity and other IT and data privacy risk assessments and key risk areas. The Audit Committee also reviews and discusses with management, at least quarterly, and as needed, any material or significant cyber incidents that have occurred or are reasonably likely to occur. In addition, the Audit Committee receives regular updates on cybersecurity trends and emerging threats from the Information Security Team led by the CISO.

Management's Roles and Responsibilities

In collaboration with the ERM team and the Audit Committee, the Company's Information Security Team, overseen by the CISO, is responsible for assessing and managing cybersecurity risks including the prevention, mitigation, detection, and remediation of cybersecurity incidents. The Information Security Team is comprised of various IT groups with the knowledge and expertise needed to execute the technical aspect of the Incident Response Plan. This team is led by the CISO and other technical leaders with significant experience in the information security field. The CISO has over 18 years of experience serving as a CISO and in other security leadership positions in the information security and cybersecurity fields, including roles as VP of Information Security, Director of Infrastructure, Director of Information Security, and Manager of Information Security. In addition to his work experience, the CISO holds a certification as a Certified Information System Security Professional (CISSP). The CISO works closely with other management positions, including the Chief Accounting Officer, Chief Information Officer, Chief Audit Officer, Deputy General Counsel, and VP of Investor Relations through the Cybersecurity Incident Committee in order to ensure that the Company has effective communication and understanding of its cybersecurity risk management.

The processes by which the Information Security Team and CISO monitor the prevention, mitigation, detection, and remediation of cybersecurity incidents include regular vulnerability assessments and penetration testing, security incident and event management, continuous monitoring, and threat and intelligence gathering. The CISO reports to the Audit Committee on a quarterly basis, and as needed, to provide an overview of our cybersecurity risk posture, the effectiveness of our cybersecurity policies, procedures, and strategies, and any material or significant cybersecurity incidents that have occurred or are likely to occur.

Item 2. ***Properties.***

Our principal executive offices are located in Denver, Colorado, where we have leased approximately 73,000 square feet of corporate office and operations space in an 11½ year operating lease.

We through September 2032. In addition, we continue to lease our former principal executive offices located in Atlanta, Georgia, where we have leased through June 30, 2024 June 2024 approximately 30,000 square feet of corporate office and operations space. The space.The offices in Atlanta, Georgia, as well as 28 other leased facilities covering an aggregate of approximately 350,000 square feet of that serve as both office and operational space, are utilized substantially in our NEMT segment.

We maintain offices for our Personal Care PCS segment in Valley Stream, New York, where we have leased through November 30, 2025 approximately 14,000 square feet of November 2025 corporate office and operations space. We have This office as well as an additional leased space for our Personal Care segment in 69 83 locations covering an aggregate of approximately 200,000 square feet of leased office and operational space. space support our PCS segment.

We maintain offices for our RPM segment in Franklin, Ohio, where we own the real estate for approximately 24,000 square feet of corporate office and operations space. In addition, we own real estate for our RPM segment in Sullivan, Illinois covering 23,000 square feet and we rent coworking space in various other locations as needed to support our operations.

The lease terms vary for all of our leased facilities, but we believe that they are all generally at market rates. We further believe that our properties are adequate for our current business needs and in any event we believe that we can obtain adequate additional or alternative space at market rates, if needed, to meet our foreseeable business needs.

Item 3. ***Legal Proceedings.***

From time-to-time, we may become involved in legal proceedings arising in the ordinary course of our business. We record accruals for outstanding legal matters when it is believed to be probable that a loss will be incurred and the amount can be reasonably estimated. Management, following consultation with legal counsel, does not expect the ultimate disposition of any or a combination of any such ongoing or anticipated matters to have a material adverse effect on our business, financial condition or operating results. We cannot predict with certainty, however, the potential for or outcome of any litigation. Regardless of the outcome of any particular litigation and the merits of any particular claim, litigation can have a material adverse impact on our company due to, among other reasons, any injunctive relief granted which could inhibit our ability to operate our business, amounts paid as damages or in settlement of any such matter, diversion of management resources and defense costs. Refer to Note 19, 17, *Commitments and Contingencies*, for information concerning other potential contingent liabilities matters that do not rise to the level of materiality for purposes of disclosure hereunder.

Item 4. ***Mine Safety Disclosures.***

Not applicable.

PART II

Item 5. ***Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.***

Market for our Common Stock

Our Common Stock, our only class of common equity, is quoted on NASDAQ under the symbol "MODV". As of February 20, 2023 February 16, 2024, there were 11 holders of record of our Common Stock.

Stock Performance Graph

The following graph shows a comparison of the cumulative total return for our Common Stock, Russell 2000 Index, and NASDAQ Health Services Index and assuming an investment of $100 in each on December 31, 2017 December 31, 2018.

2023 Performance Graph - MODV RDG.jpg

Dividends

We have not paid any cash dividends on our Common Stock and currently do not expect to pay dividends on our Common Stock. In addition, our ability to pay dividends on our Common Stock is limited by the terms of our New Credit Agreement. The payment of future cash dividends, if any, will be reviewed periodically by the Board of Directors and will depend upon, among other things, our financial condition, funds from operations, the level of our capital and development expenditures, any restrictions imposed by present or future debt or equity instruments, and changes in federal tax policies, if any.

Issuer Sales of Unregistered Securities

There were no sales, including exchanges or conversions, of equity securities by us during the period covered by this report Annual Report that were either not registered under the Securities Act or not previously disclosed in a quarterly report on Form 10-Q or current report on Form 8-K previously filed by us with the Securities and Exchange Commission.

Issuer Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table provides information with respect to purchases made There were no repurchases of our Common Stock by or on behalf of us the Company or any "affiliated purchasers" (as defined in Rule 10b-18(a)(3) of the Exchange Act) of our common stock affiliated purchaser during the three months ended December 31, 2022.

Period	Total Number of Shares (or Units) Purchased		Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Program	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (000's) (1)
October 1, 2022 to October 31, 2022	173	(2)	$ 96.53	—	$ —
November 1, 2022 to November 30, 2022	1,323	(2)	$ 91.17	—	$ —
December 1, 2022 to December 31, 2022	68	(2)	$ 90.10	—	$ —
Total	1,564			—	

(1) No stock repurchase program was authorized during the year ended December 31, 2022 December 31, 2023.

(2) Redeemed shares of Common Stock issuable in respect of vested restricted stock tendered in lieu of cash for payment of income tax withholding amounts by participants in the Company's 2006 Plan (as defined below). These shares were not part of a publicly announced program to purchase common stock.

Item 6. *[Reserved]*

Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations.*

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes included in Item 8. "Financial Statements and Supplementary Data" of this report. Annual Rport. This discussion and analysis contains forward-looking statements that involve risks, uncertainties and other factors that may cause actual results to differ materially from those projected in any forward-looking statements, as discussed in "Disclosure Regarding Forward-Looking Statements". These risks and uncertainties include but are not limited to those set forth in Item 1A. "Risk Factors".

Overview of Our Business

Please refer to *Item 1. "Business"* of this Annual Report on Form 10-K for a discussion of our services and corporate strategy.

ModivCare Inc. ("ModivCare" or the "Company") is a technology-enabled healthcare services company that provides a suite of integrated supportive care solutions for public and private payors and their members. Its value-based solutions address the social determinants of health or SDoH, connect ("SDoH") by connecting members to essential care help services. By doing so, ModivCare helps health plans manage risks, reduce costs, and improve health outcomes. ModivCare is a provider of non-emergency medical transportation or NEMT, ("NEMT"), personal care services ("PCS"), and remote patient monitoring or RPM, solutions ("RPM"), which serve similar, highly vulnerable patient populations. The technology-enabled operating model in its NEMT segment includes NEMT the coordination of non-emergency medical transportation services supported by an infrastructure of core competencies in risk underwriting, contact center management, network credentialing claims management and non-emergency medical transportation claims management. Additionally, its personal care services in its PCS segment include placements of non-medical personal care assistants, home health aides and nurses primarily to Medicaid patient populations in need of care monitoring and assistance performing daily living activities in the home setting, including senior citizens and disabled adults. setting. ModivCare's remote patient monitoring services solutions in its RPM segment include the monitoring of personal emergency response systems, vitals monitoring, medication management and data-driven patient engagement solutions. ModivCare is further expanding its offerings to include meal delivery and working with communities to provide meals to food-insecure individuals.

ModivCare also holds a 43.6% minority interest in CCHN Group Holdings, Inc. and its subsidiaries, which operates under the Matrix Medical Network brand ("Matrix"). Matrix, which is included in our Corporate and Other segment, maintains a national network of community-based clinicians who deliver in-home and on-site services, and a fleet of mobile health clinics that provide community-based care with advanced diagnostic capabilities and enhanced care options. services.

Business Outlook and Trends

Our performance is affected by a number of trends that drive the demand for our services. In particular, the markets in which we operate are exposed to various trends, such as healthcare industry and demographic dynamics. Over the long term, we believe there are numerous factors that could affect growth within the industries in which we operate, including:

- an aging population, which is expected to increase demand for healthcare services and including required transportation to such healthcare services and accordingly, in-home personal care and remote patient monitoring services;
- increasing prevalence of chronic illnesses that require active and ongoing monitoring of health data which can be accomplished at a lower cost and result in better health outcomes through remote patient monitoring services;
- a movement towards value-based care versus fee-for-service and cost plus care and budget pressure on governments, both of which may increase the use of private corporations to provide necessary and innovative services;
- increasing demand for in-home care provision, driven by cost pressures on traditional reimbursement models and technological advances enabling remote engagement, including remote monitoring and similar internet-based health related services;
- a shift in membership dynamics as a result of Medicaid redetermination efforts, which may decrease membership levels at our NEMT segment;
- advancement of regulatory priorities, which include the Centers for Medicare and Medicaid Services ("CMS") proposed rule, *Ensuring Access to Medicaid Services*, which may lower profit margins at our PCS segment;
- technological advancements, which may be utilized by us to improve services and lower costs, but may also be utilized by others, which may increase industry competitiveness; and
- MCO, Medicaid and Medicare plans increasingly are covering NEMT increasing coverage of non-emergency medical transportation services for a variety of reasons, including increased access to care, improved patient compliance with treatment plans, social trends, and to promote SDoH, and this trend may be accelerated or reinforced by The Consolidated Appropriations Act of 2021 ("H.R.133"), a component of which mandates that state Medicaid programs ensure that Medicaid beneficiaries have necessary transportation to and from health care providers. providers; and
- uncertain macroeconomic conditions, including rising inflation and interest rates, could have an effect on our debt and short-term borrowings, which may have a negative impact on our results.

Since On May 11, 2023, the Department of Health and Human Services ("HHS") declared the end of the public health emergency ("PHE") for the COVID-19 pandemic emerged in March 2020, we observed a material reduction in trip volume in our NEMT segment as a result of state imposed public health orders. pandemic. While this reduction in trip volume has improved and the Company has experienced an increase in continued to experience increased trip volume, service hours, and patient visits each year following the pandemic, structural changes in the industry as a result of the pandemic, predominantly as well as ongoing constraints on the labor market, specifically related to an increase in the utilization of telehealth and virtual care, have continued strain on healthcare professionals, could continue to have an adverse impact on the Company's trip volume. Any ongoing impact to financial statements. For the NEMT segment, trip volume as a result of this structural change in the industry may have a negative financial impact on our transportation providers and may result in lower revenues higher transportation costs as the Company adapts to this change increase in demand for transportation services. As volumes continue services and to increase to pre-pandemic levels, the availability of transportation providers, in the future may be limited due to the should any capacity constraints within our network of transportation providers. Additionally, we may face staffing difficulties in our contact centers as providers arise. For the recruitment of potential employees may be challenging amid PCS segment, the current labor environment, which could negatively impact the customer and member experience while interfacing with our contact centers and materially adversely affect our reputation and results of operations.

Our Personal Care segment also experienced a material reduction in volume of service hours and visits as a result of the pandemic. While this reduction in service hours and visits has continued to improve toward pre-pandemic levels each year following the pandemic, ongoing impacts of the pandemic including constraints on the labor market, specifically related to strain on healthcare professionals, has led to a shortage of caregivers which will continue to impact the volume of service hours that can be provided. Further, these labor constraints have driven provided while also driving increased wage rates, which limits the Company's ability to be profitable in contracts with set rates for various care services. Any depressed volumes Additionally, changes in membership dynamics at the NEMT segment as a result of Medicaid redetermination and reduction in payor reimbursement rates at the labor shortage and PCS segment in an attempt to contain costs could limit the strain on healthcare professionals could reduce ability for the quality with which our caregivers provide services and could result in lower than expected Company to generate revenue in despite the Personal Care segment. As volume continues to increase, we may face difficulty meeting Company's shift toward emphasizing the volume importance of demand due to staffing challenges in the healthcare industry. value-based care. Any of these circumstances and factors could have a material adverse effect on our business.

Our RPM segment has not experienced a direct material impact to operations or financial activity reputation and business and any long-term macroeconomic impacts that have arisen as a result of the COVID-19 pandemic. While this segment of the business has proven resilient given the increase in demand for remote healthcare services in a highly contagious infection environment, potential risks could arise that could have a material impact on the financial results of the segment. Specifically, given the strain on the healthcare professionals that serve the healthcare community, we could experience shortages in qualified medical professionals that support our remote care monitoring business. Further, as this segment relies on patients receiving health monitoring devices for use in-home, any impact to the supply chain that ensures these critical devices arrive for active and continued vitals monitoring and data analytic solutions could have a negative impact on our business. Any of these factors could have a material adverse effect on our reputation and business.

Furthermore, the impact of the COVID-19 pandemic and the long-term effects of the pandemic are continuously evolving, and the continuation of the pandemic, any additional resurgence, or COVID-19 variants could continue to change trends in the market.

Our business environment is competitive, the structural changes in our industry related to the COVID-19 pandemic have been lasting, the labor market for healthcare professionals remains constrained, and the market price for our common stock on the Nasdaq Stock Market continues to be volatile; the continuing effect of all or any of the foregoing could result in an impairment of the goodwill in our reporting units. As discussed elsewhere herein and under the caption “Risk Factors” in the Company’s annual report on Form 10-K filed with the Securities and Exchange Commission for the year ended December 31, 2022, impairment tests may be required in addition to the annual impairment testing as of July 1, 2023, if circumstances change that would, more likely than not, reduce the fair value of goodwill of a reporting unit below such reporting unit’s carrying value. The Company monitors the performance of the business and the value of its stock price and estimated fair values of its reporting units, among other relevant considerations, to determine if any impairments to goodwill could exist at any particular time. During our July 1, 2023 annual assessment of goodwill, we determined that based on our qualitative assessment for each reporting unit, factors existed which required us to test our goodwill for impairment. As a result of our quantitative assessment, we determined that the goodwill at our PCS and RPM reporting units was impaired. See Note 7, *Goodwill and Intangible Assets*, for additional details.

Critical Accounting Policies and Estimates

We prepare our consolidated financial statements and accompanying notes in accordance with accounting principles generally accepted in the United States of America. Preparation of the consolidated financial statements and accompanying notes requires that we make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the consolidated financial statements as well as revenue and expenses during the periods reported. We base our estimates on historical experience, where applicable, and other assumptions that we believe are reasonable under the circumstances. Actual results may differ from our estimates under different assumptions or conditions.

There are certain critical estimates that require significant judgment in the preparation of our consolidated financial statements. We consider an accounting estimate to be critical if:

- it requires us to make an assumption because information was not available at the time or it included matters that were highly uncertain at the time the estimate is made; and

- changes in the estimate or different estimates that could have been selected may have had a material impact on our financial condition or results of operations.

Accrued Transportation Costs

Description. We generally pay our transportation providers for completed trips based on documentation submitted after services have been provided. The transportation service is initiated at the time a member submits a request for transportation services from our providers. At this time, we calculate an estimated transportation cost for each trip based on historical experience and contractual terms. This portion of the accrued transportation cost is based on requests for services we have received and the amount we expect to be billed by our transportation providers. All completed trips (both unbilled and billed) for which we have not yet issued payment reconcile to our total accrued transportation cost, however the critical accounting estimate that requires significant judgment is the portion of the accrual that is estimated at initiation of the member request.

Judgments and Uncertainties. The transportation cost accrual requires significant judgment as it is calculated using contractual rates and mileage estimates, as well as an estimated rate for unknown cancellations given that members may have requested transportation without yet notifying the Company of cancellation. Based upon historical trip experience and contractual terms, we estimate the amount of transportation cost incurred for invoices which have not yet been submitted. The estimates are routinely monitored and compared to actual invoiced costs. Actual cost could be greater or less than the amounts estimated due to facts and circumstances that differ from historical trends.

Sensitivity of Estimate to Change. The estimates for the transportation accrual are developed using assumptions based on the best information available to the Company at the time, but which are inherently uncertain and unpredictable and as a result, actual results may differ significantly from estimates. In determining our estimate each period, we use data around historical trip experience, current contractual rates, and mileage estimates and use a third party consultant to assist in development of the accrual. Our December 31, 2022 December 31, 2023 estimated portion of the accrued transportation costs was $19.6 million greater $1.9 million lower than our estimated portion in 2021. at December 31, 2022. The increase decrease from 2021 2022 to 2022 was 2023 is driven by faster adjudication of claims as a result of the overall increase in trip volume post COVID-19 pandemic. initiatives, such as digitization of claims and increased utilization of ride share. The assumptions used in the estimate inputs include estimated trip costs and estimated trip volume. If we were to assume that our estimate of future transportation costs was changed to the upper end or lower end of the range we developed in the course of formulating our estimate, the estimate for future transportation costs as of December 31, 2022 December 31, 2023 would range from $37.3 million $35.6 million to $45.6 million $43.5 million.

Recoverability of Goodwill

Description. In accordance with ASC 350, *Intangibles-Goodwill and Other*, we review goodwill for impairment annually, and more frequently if events and circumstances indicate that the value may be impaired. Such circumstances could include, but are not limited to: (1) the loss or modification of significant contracts, (2) a significant adverse change in legal factors or in business climate, (3) unanticipated competition, (4) an adverse action or assessment by a regulator, or (5) a significant decline in our stock price. We perform our annual goodwill impairment test as of October July 1. Goodwill is allocated across the Company's reporting units: NEMT, Personal Care, PCS, and RPM. We first perform qualitative assessments for each reporting unit to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If the qualitative assessment suggests that it is more likely than not that the fair value of a reporting unit is less than its carrying value amount, we then perform a quantitative assessment and compare the fair value of the reporting unit to its carrying value. If the carrying value is determined to exceed the estimated fair value, the asset is considered impaired.

Judgments and Uncertainties. When performing a quantitative assessment to estimate the fair value of the Company's goodwill, the Company applies the a blended approach, which includes a combination of both an income approach and a market valuation approach. The income approach applies a discounted cash flow method which includes assumptions on the projected future cash flows, earnings, discount rates, working capital adjustments, long-term growth rates, and others. others to estimate the fair value of the reporting unit. The market valuation approach produces an estimated fair value of the reporting unit based on a comparison of the reporting unit to publicly traded entities in similar lines of business.

Sensitivity of Estimate to Change. The use of different estimates or assumptions in determining the fair value of our goodwill may result in a different value recorded, which could result in an impairment charge that has the potential to have a material impact to the consolidated statement of operations. As During our July 1 annual assessment of goodwill, we determined that based on our qualitative assessment for each reporting unit, factors existed which required us to test our goodwill for impairment. These factors included a decline in the market price of the date Company's common stock, industry specific regulatory pressures such as Medicaid redetermination and the Centers for Medicare and Medicaid Services ("CMS") proposed ruling on *Ensuring Access to Medicaid Services*, and general economic and market volatility. As a result of our annual quantitative assessment, we determined that the goodwill analysis, no goodwill at our PCS and RPM reporting units was impaired resulting in an impairment charges were recorded. charge during the second quarter of 2023 of $137.3 million and $45.8 million, respectively.

Income Taxes

Description. We account for income taxes under the asset and liability method. Under this method, we record income tax expense for the amount of taxes payable or refundable in the current period and deferred tax assets and liabilities to reflect our estimation of the future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and income tax reporting purposes. We determine the deferred tax asset or liability for each temporary difference based on the enacted tax rates expected to be in effect when we realize the underlying items of income and expense. We record a valuation allowance to reduce our deferred tax assets when we estimate that it is more likely than not that a portion of the deferred tax assets will not be realized, and we record liabilities to address uncertain tax positions we have taken in previously filed tax returns or that we expect to take in our current tax returns.

Judgments and Uncertainties. Significant assumptions, judgments, and estimates are made by management when determining the income tax provision (benefit) for the current year, the amount of deferred tax assets and liabilities to be recorded, and the necessary valuation allowance to be recorded. These judgements include interpretations of income tax regulations, estimates of future taxable income, tax-planning strategies, and the likelihood of recovery of deferred tax assets or that a tax position will be sustained upon audit.

We consider many factors when assessing the likelihood of future realization of our deferred tax assets, including our recent earnings experience by jurisdiction, expectations of future taxable income, and the carryforward periods available to us for tax reporting purposes. We may establish a valuation allowance to reduce deferred tax assets to the amount we believe is more likely than not to be realized. Due to inherent complexities arising from the nature of our businesses, future changes in income tax law, tax sharing agreements or variances between our actual and anticipated operating results, we make certain judgments and estimates. Therefore, actual income taxes could materially vary from these estimates.

We record liabilities to address uncertain tax positions we have taken in previously filed tax returns or that we expect to take in our current tax returns. The determination for required liabilities is based upon an analysis of each individual tax position, taking into consideration whether it is more likely than not that our tax position, based on technical merits, will be sustained upon examination. For those positions for which we conclude it is more likely than not the position will be sustained, we recognize the largest amount of tax benefit that is greater than 50.0 percent likely of being realized upon ultimate settlement with the taxing authority. The difference between the amount recognized and the total tax position is recorded as a liability. While the Company believes all of its tax positions are fully supportable, the ultimate resolution of these tax positions may be greater or less than the liabilities recorded.

Sensitivity of Estimate to Change. If there are any changes in the underlying estimates and assumptions to calculate the current period income tax provision or deferred tax assets and liabilities, or if the settlement of tax issues from a current period audit results in a tax position that is no longer supported, the financial statements could be materially impacted. During the period ended December 31, 2022 December 31, 2023, the Company recorded $1.7 million $1.3 million of unrecognized tax benefits, including interest and penalties, in other long-term liabilities.

Components of Results of Operations

The following results of operations include the accounts of ModivCare and our subsidiaries for the years ended December 31, 2022 December 31, 2023 and 2021. The results of Guardian Medical Monitoring have been included since the May 11, 2022 acquisition date. 2022. For our results of operations for the year ended December 31, 2020 December 31, 2021 see “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our Form 10-K for the fiscal year ended December 31, 2021 December 31, 2022, filed with the SEC on March 1, 2022 March 7, 2023.

Revenues

Service revenue, net. Service revenue for our NEMT segment includes contracts predominately with state Medicaid agencies and MCOs for the coordination of their members' revenue generated by providing non-emergency medical transportation needs. Most contracts services directly to our customers. These services are provided on either a capitated basis, which means we are paid on a per-member, per-month ("PMPM") basis for each eligible member. For most member, or on a fee-for-service ("FFS") basis, which means we are paid based on the volume of trips or services performed. Payment for our NEMT services is received from third-party payors, predominately made up of state Medicaid agencies and MCOs.

Our capitated contracts operate under either a full-risk or a shared-risk structure. Under full-risk contracts, payors pay a fixed amount per eligible member per month and we assume the responsibility of meeting the covered healthcare related transportation requirements for the number of eligible members in the payor's program. Under this structure, we assume the full-risk for the costs associated with arranging transportation of members through our network of independent transportation providers. Revenue is recognized based on the number of members served during the period. under shared-risk contracts, we have provisions for reconciliations, risk corridors, and/or profit rebates. These contracts allow for periodic reconciliations based on actual cost and or/trip volume and may result in refunds to the payor (contract payables), or additional payments due from the payor (contract receivables) based on the provisions contractually agreed upon. These shared-risk contracts also allow for margin stabilization, as generally the amount received PMPM is adjusted for the costs to provide the transportation services. Under both contract structures, we arrange for transportation of members through our network of independent transportation providers, whereby we negotiate rates and remit payment to the transportation providers. However, for certain contracts, we assume no risk for the transportation network, credentialing and/or payments to these providers. For these contracts, we only provide administrative management services to support the customers' efforts to serve their clients.

Certain other

Under FFS contracts, are structured as fee-for-service ("FFS") in which we bill and collect payors pay a specified amount for each service that we provide. provide based on costs incurred plus an agreed-upon margin. FFS revenue is recognized in the period in which the services are rendered and is reduced by the estimated impact of contractual allowances and policy discounts in the case of third-party payors. allowances.

Service revenue for our Personal Care PCS segment includes the revenue generated based on the hours incurred by our in-home caregivers to provide services to our customers, primarily on a FFS basis in which we earn a specified amount for each service that are we provide. Payment for our PCS services is billed to our customers. Our customers consist of third-party payors including, which include, but are not limited to, MCOs, hospitals, Medicaid agencies and programs and other home health care providers who subcontract the services of our caregivers. caregivers to their patients, and individuals.

Service revenue for our RPM segment includes the sale of monitoring equipment to our third-party distributors as well as revenue generated from the hours incurred by our Clinical Team for providing monitoring services that are to our customers, primarily on a PMPM basis for each eligible member. Payment for our monitoring services is billed to our customers. Our customers consist of third-party payors which include, but are not limited to, national and regional health plans, government-funded benefit programs, healthcare provider organizations, and individuals.

Grant Income

Grant income. The Company has received distributions, primarily under the CARES Act Provider Relief Fund ("PRF") and the ARPA Coronavirus State and Local Fiscal Relief Fund ("SLFRF") targeted to providing economic relief and stimulus to combat health and economic impacts of the COVID-19 pandemic.

Operating Expenses

Service expense. Service Expense expense for our NEMT segment includes purchased transportation, operational payroll and other operational related costs. Purchased transportation includes the amounts we pay to third-party service transportation providers and is typically dependent upon service volume. Operational payroll predominately includes our contact center operations, customer advocacy and transportation network team. Other operating expenses primarily include operational overhead costs, and operating facilities and related charges. Service expense for our Personal Care PCS segment includes payroll and other operational related costs for our caregivers to provide in-home care. Service expense for our RPM segment primarily consists of salaries of employees in our contact centers, connectivity costs and occupancy costs.

General and administrative expense. General and administrative expense for all segments consists principally of salaries for administrative employees that support the operations, occupancy costs, marketing expenditures, insurance, and professional fees.

Depreciation and amortization expense. Depreciation within this caption includes infrastructure items such as computer hardware and software, office equipment, monitoring and vitals equipment, buildings, and leasehold improvements. Amortization expense is generated primarily from amortization of our finite intangible assets, including payor networks, trade names and developed technology, technology.

Impairment of goodwill. Based on our qualitative goodwill assessment for each reporting unit, we determined that qualitative factors existed which required us to test our goodwill for impairment. As a non-compete agreement, an assembled workforce, result of the impairment evaluation, we determined that the goodwill within our PCS and a New York LHCSA permit. RPM reporting units was impaired.

Other Expenses (Income)

Interest expense, net. Interest expense consists principally of interest accrued during the period ended December 31, 2022 December 31, 2023 on the Company's borrowings outstanding throughout the year ended December 31, 2022 under the Credit Facility and Senior Unsecured Notes, and amortization of deferred financing fees. Refer to the "Liquidity and Capital Resources" section below for further discussion of these borrowings.

Equity in net loss (income) income (loss) of investee, net of tax. Equity in earnings of equity method investee consists of our proportionate share of equity earnings or losses from our Matrix equity investment held at our Corporate and Other segment, presented net of related taxes, as well as the earnings of our insurance captive held at our NEMT segment, presented net of taxes.

Income tax provision (provision) benefit. The Company is subject to federal taxation in the United States and state taxation in the various jurisdictions in which we operate.

Results of Operations Segment Reporting

Segment reporting. Our segments reflect the manner in which our operations are organized and reviewed by management. Segment results are based on how our CODM manages our business, makes operating decisions and evaluates operating performance.

We operate four reportable business segments: NEMT, Personal Care, PCS, RPM, and Corporate and Other. Effective January 1, 2022, the Company completed its segment reorganization which resulted in the addition of a Corporate and Other segment that includes the costs associated with the Company's corporate operations. The operating results of the Corporate and Other segment include activities related to executive, accounting, finance, internal audit, tax, legal and certain strategic and corporate development functions for each segment, as well as the results of the Matrix investment. Prior to the segment reorganization, we reported the investment in Matrix as a separate operating segment. Based on the relative size of the Matrix investment and all related activity to the overall financial statements, however, the CODM no longer views it as a separate operating segment but reviews results in conjunction with the other corporate results of the business.

The NEMT segment consists of our legacy operations, which provides non-emergency medical transportation services throughout the country. The Personal Care PCS segment provides non-medical personal care and home health services and is composed of the operations from two acquisitions: Simplura on November 18, 2020, and Care Finders on September 14, 2021. services. The RPM segment provides remote patient monitoring solutions solutions. The Corporate and was developed through our acquisition Other segment includes activities related to the Company's corporate operations as well as the results of VRI on September 22, 2021 and expanded through our acquisition an investment in innovation that the Company completed during the first quarter of GMM on May 11, 2022. 2023. The operating results of the NEMT, Personal Care PCS and RPM segments include revenue and expenses generated and incurred by the segment. segment, and the Corporate and Other segment includes expenses incurred in relation to the Corporate operations of the Company as well as certain revenue and expenses associated with the investment in innovation discussed above.

See Note 4, *Segments*, in our accompanying consolidated financial statements for further information on our segments.

Year ended December 31, 2022 December 31, 2023 compared to year ended December 31, 2021 December 31, 2022

Consolidated results. The following table sets forth results of operations and the percentage of consolidated Service total service revenue, net, represented by items in our consolidated statements of operations for 2022 2023 and 2021 2022 (in thousands):

		Year ended December 31,					Year Ended December 31,					
		2022		2021			2023				2022	
		Amount	% of Service Revenue	Amount	% of Service Revenue		Amount		% of Service Revenue		Amount	
Service revenue, net	Service revenue, net	$ 2,504,393	100.0%	$ 1,996,892	100.0%	Service revenue, net	$ 2,751,170	100.0%	100.0%		$ 2,504,393	10(
Grant income	Grant income	7,351	0.3%	5,441	0.3%	Grant income	5,037	0.2%	0.2%		7,351	0.
Operating expenses:	Operating expenses:											
Operating expenses:												
Operating expenses:												
Service expense	Service expense	2,032,074	81.1%	1,584,298	79.3%	Service expense	2,304,218	83.8%	83.8%		2,032,074	81
General and administrative expense	General and administrative expense	322,171	12.9%	271,674	13.6%	General and administrative expense	304,564	11.1%	11.1%		322,171	12

Depreciation and amortization	Depreciation and amortization	100,415	4.0%	56,998	2.9%	Depreciation and amortization	104,271	3.8%	3.8%		100,415	4.
Impairment of goodwill						Impairment of goodwill	183,100		6.7%	—		
Total operating expenses	Total operating expenses	2,454,660	98.0%	1,912,970	95.8%	Total operating expenses	2,896,153	105.3%	105.3%		2,454,660	98
Operating income		57,084	2.3%	89,363	4.5%							
Operating income (loss)												
Operating income (loss)												
Operating income (loss)							(139,946)		(5.1)%	57,084		
Interest expense, net	Interest expense, net	61,961	2.5%	49,081	2.5%							
Income (loss) before income taxes and equity method investment		(4,877)	(0.2)%	40,282	2.0%							
Provision (benefit) for income taxes		(3,035)	(0.1)%	8,617	0.4%							
Equity in net loss of investee, net of tax		29,964	1.2%	38,250	1.9%							
Interest expense, net												
Interest expense, net							69,120		2.5%	61,961		
Loss before income taxes and equity method investment						Loss before income taxes and equity method investment	(209,066)		(7.6)%	(4,877)		
Income tax benefit						Income tax benefit	4,319		0.2%	3,035		
Equity in net income (loss) of investee, net of tax						Equity in net income (loss) of investee, net of tax	287		—%	(29,964)		
Net loss	Net loss	$ (31,806)	(1.3)%	$ (6,585)	(0.3)%	Net loss	$ (204,460)	(7.4)%	(7.4)%		$ (31,806)	(1.

Service revenue, net. Consolidated service revenue, net, for 2022 2023 increased $507.5 million $246.8 million, or 25.4% 9.9%, compared to 2021. 2022. Service revenue, net, increased by $183.0 million for our NEMT segment, increased by $284.7 million, primarily due to higher trip volume, higher monthly membership, and higher rates per member when compared to 2021, as trip volume continues to increase from the reduced volumes that occurred as a result of the COVID-19 pandemic. Service revenue, net, further increased by $172.1 $47.9 million for our Personal Care PCS segment, of which $118.1 million was related to the inclusion of the operating results of Care Finders which was acquired in September 2021. Service revenue, net also and increased due to the inclusion of $50.7 million by $9.7 million for our RPM segment as a result of the operating results of VRI which was acquired in September 2021 and GMM which was acquired in May 2022. segment. See our *Results of Operations - Segments*, for further discussion. discussion of the revenue drivers at each respective segment.

Grant income. The Company recognized income of approximately $5.0 million during 2023 compared to $7.4 million during 2022 compared to $5.4 million during 2021 related to grants from government grant distributions received, primarily under the CARES Act PRF and the ARPA SLFRF SLFRF. These government grants are targeted to providing economic relief and stimulus to combat health and economic impacts of the COVID-19 pandemic. These funds were received by our Personal Care PCS segment and are available to eligible providers who diagnose, test, or care for individuals with possible or actual cases of COVID-19 and have health care related healthcare-related expenses and lost revenues attributable to COVID-19.

Service expense. Service expense components are shown below (in thousands):

	Year Ended December 31,				Year Ended December 31,			
	2022		2021		2023		2022	
	Amount	% of Service Revenue	Amount	% of Service Revenue	Amount	% of Service Revenue	Amount	% of Service Revenue

Purchased services	Purchased services	$1,267,006	50.6%	$ 991,502	49.6%	Purchased services	$1,456,796	53.0%	53.0%	$	1,267,006	50.6%		50.6%
Payroll and related costs	Payroll and related costs	706,216	28.2%	545,074	27.3%	Payroll and related costs	772,629	28.1%	28.1%		706,216	28.2%		28.2%
Other operating expenses	Other operating expenses	58,852	2.3%	47,722	2.4%	Other operating expenses	74,793	2.7%	2.7%		58,852	2.3%		2.3%
Total service expense	Total service expense	$2,032,074	81.1%	$1,584,298	79.3%	Total service expense	$2,304,218	83.8%	83.8%	$	2,032,074	81.1%		81.1%

Service expense for 2022 2023 increased $447.8 million $272.1 million, or 28.3% 13.4%, compared to 2021 2022 primarily due to higher purchased services for our NEMT segment of $275.5 million $189.8 million driven by an increase in transportation costs for our NEMT segment to support higher trip volumes that occurred in 2022. 2023. Payroll and related costs across all segments increased by $161.1 million $66.4 million, primarily related to incremental costs of $96.9 million in the Personal Care and RPM segments due to the acquisitions of Care Finders and VRI in September 2021 and GMM in May 2022, $38.7 million in the Personal Care segment related to Simplura, and $25.5 million related to the NEMT segment. These increases in payroll and related costs are largely driven by increased labor costs across all segments in addition paid to more our caregivers and contact center employees and additional hours worked of service provided during 2022. 2023.

General and administrative expense. General and administrative expense for 2022 increased $50.5 million 2023 decreased $17.6 million, or 18.6% 5.5%, compared to 2021. This increase is 2022, primarily attributable related to an increase of $35.5 million in general fewer one-time costs for restructuring and integration activities. General and administrative costs related expense expressed as a percentage of service revenue, net, decreased slightly to the operations of Care Finders in the Personal Care segment which was acquired during September 2021, and VRI and GMM in the RPM segment which were acquired during September 2021 and May 2022, respectively. The additional increase is related 11.1% for 2023 as compared to increased legal expense and personnel expense during 12.9% for 2022. See our *Results of Operations - Segments*, for further discussion.

Depreciation and amortization. Depreciation and amortization for 2022 2023 increased $43.4 million $3.9 million, or 76.2% 3.8%, compared to 2021 2022 primarily as a result $2.2 million of depreciation and amortization expense related to property, equipment and intangible assets brought on under the Care Finders and VRI acquisitions in September 2021 for an incremental $27.5 million and the GMM Guardian Medical Monitoring ("GMM") acquisition in May 2022 2022.

Impairment of goodwill. Impairment of goodwill for $1.9 million 2023 was $183.1 million and is a result of amortization expense. The increase for 2022 is also driven by goodwill impairments that were recorded at our PCS and RPM reporting units during the additional amortization expense recorded related to the change in useful lives second quarter of Simplura intangible assets as discussed in 2023. See Note 2, 9, *Significant Accounting Policies Goodwill and Recent Accounting Pronouncements. Intangible Assets*.

Interest expense, net. Consolidated interest Interest expense, net, for 2022 2023 increased $12.9 million $7.2 million, or 26.2% 11.6%, compared to 2021 as a result of incremental 2022. During 2023, we incurred interest of $17.7 million from the $500.0 million Senior Notes due 2029 that were issued in August 2021 which contributed total interest expense of $26.5 million during 2022. The increase in interest was partially offset by the $6.6 million bridge loan commitment fee incurred in 2021 related to the VRI acquisition with no comparable fee for 2022. During the year ended December 31, 2022, we also incurred $32.1 million of interest expense $32.3 million and $26.5 million related to the Senior Notes due 2025. 2025 and 2029, respectively. The remainder of the interest expense during 2022 2023 is related to interest and fees incurred related to borrowings on the credit facility. facility, which drove the increase during 2023 due to increased borrowing activity on the credit facility as compared to 2022. Interest expense is recorded at our Corporate and Other segment.

Equity in net loss income (loss) of investee, net of tax. Our equity in net income of investee, net of tax for 2023 of $0.3 million and our equity in net loss of investee, was $30.0 million net of tax for 2022 and $38.3 million for 2021 and represents of $30.0 million was a result of our proportional share of the results net income or loss of Matrix and our investment in a captive insurance program. The loss during each period 2022 was primarily related to the result of our share of an asset impairment that occurred at Matrix for $82.2 million during 2022 and $111.4 million with no comparable asset impairment during 2021. 2023.

Provision (benefit) for income taxes. Income tax benefit (provision). Our effective tax rates for 2022 2023 and 2021 2022 were a benefit of 62.2% 2.1% and a provision benefit of 21.4% 62.2%, respectively. The 2023 effective tax rate for the benefit was significantly lower than the U.S. federal statutory rate of 21.0% primarily due to the nondeductible goodwill impairment recorded during the year. The 2022 effective tax rate for the benefit was significantly higher than the U.S. federal statutory rate of 21.0% primarily due to tax credits and stock-based compensation windfalls from tax deductions on stock option exercises and vesting of stock awards that exceeded book expense recognized due to increased share price, offset by state income taxes and certain non-deductible expenses. The 2021 effective tax rate was slightly higher than the U.S. federal statutory rate of 21.0% primarily due to state income taxes and certain non-deductible expenses, offset by tax credits and stock-based compensation windfalls.

Year Ended December 31, 2021 December 31, 2022 compared to year ended December 31, 2020 December 31, 2021

For a comparison of our results of operations see “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our Form 10-K for the fiscal year ended December 31, 2021 December 31, 2022, filed with the SEC on March 1, 2022 March 7, 2023.

Results of Operations - Segments

The following tables set forth certain financial information attributable to the Company’s business segments. segments for 2023 and 2022:

NEMT Segment

(in thousands, except for Revenue per member per month, Revenue per trip, and Service expense per trip):

		December 31,									
		2022		2021							
		Amount	% of Segment Revenue	Amount	% of Segment Revenue						
	Year Ended December 31,									Year Ende	
	2023						2023				
	Amount						Amount	% of Segment Service Revenue		Amount	
Operating Results	**Operating Results**										
Service revenue, net	Service revenue, net	$1,768,442	100.0%	$1,483,696	100.0%						
Service revenue, net											
Service revenue, net							$1,951,447		100.0%	$1,768,442	1
Service expense											
Service expense											
Service expense	Service expense	1,487,447	84.1%	1,186,185	79.9%		1,709,790	87.6%	87.6%	1,487,447	84.1%
General and administrative expense	General and administrative expense	146,935	8.3%	132,493	8.9%	General and administrative expense	115,355	5.9%	5.9%	146,935	8.3%
Depreciation and amortization	Depreciation and amortization	28,709	1.6%	29,058	2.0%	Depreciation and amortization	27,409	1.4%	1.4%	28,709	1.6%
Operating income	Operating income	$ 105,351	6.0%	$ 135,960	9.2%	Operating income	$ 98,893	5.1%	5.1%	$105,351	6.0%
Business Metrics (1)	**Business Metrics (1)**										
Business Metrics(1)											
Business Metrics(1)											
Total paid trips	Total paid trips	30,795		27,282							
Total paid trips											
Total paid trips											
Average monthly members											
Average monthly members											
Average monthly members	Average monthly members	34,203		29,906							
Revenue per member per month	Revenue per member per month	$ 4.31		$ 4.13							
Revenue per member per month											
Revenue per member per month											
Revenue per trip											

Revenue per trip					
Revenue per trip	Revenue per trip	$	57.43	$	54.38
Service expense per trip	Service expense per trip	$	48.30	$	43.48
Monthly utilization			7.5 %		7.6 %
Service expense per trip					
Service expense per trip					
Utilization					
Utilization					
Utilization					

(1) These metrics are key performance indicators that Management uses to evaluate our performance. Trends established in these metrics can be used to evaluate current operating results, identify trends affecting our business, determine the allocation of resources and understand the underlying drivers of costs and revenue for our business. We believe these metrics are useful to investors in evaluating and understanding our business but should not be used solely in assessing the Company's performance. These key performance indicators should not be considered superior to, as a substitute for or as an alternative to, and should be considered in conjunction with, the GAAP financial measures presented herein to fully evaluate and understand the business as a whole.

The NEMT segment which operates under the brands ModivCare Solutions and Circulation, is the largest manager of NEMT non-emergency medical transportation programs for state governments and MCOs in the U.S.

Service revenue, net. Service revenue, net, increased by $284.7 million and 19.2% $183.0 million, from 2021 or 10.3%, during 2023 as compared to 2022. This increase is primarily attributable to a 12.9% 12.1% increase in revenue per member per month, which was driven by a 12.2% increase in trip volume, volume. These two factors correlated due to contract repricing and the partial pass-through of costs associated with our reconciliation, risk corridor or profit rebate contracts (which are considered shared-risk contracts due to the reconciliation provisions). This increase to revenue was partially offset by a 14.4% increase 1.6% decrease in average monthly membership and higher rates per member primarily as compared to a result of Medicaid redetermination.

The change in revenue is impacted by both the year ended December 31, 2021. Trip volume increased for the year ended December 31, 2022 when compared to 2021 due to the passage of time after the COVID-19 pandemic and the increased comfort level of members to leave their homes. The increase change in average monthly membership drove higher members as well as the rate received per member. The change in average monthly members is correlated to the change in revenue because a majority of our contacts contracts are capitated, and we receive monthly payments on a per member/fixed member per month basis in return for full or partial shared risk of transportation volumes. While this increase Declines in membership under these over the periods presented were anticipated and primarily related to Medicaid redetermination efforts, along with certain contract losses. While membership decreased, revenue increased due to increases in the average rate received per member, which increases in line with increases in utilization or trip volume in our shared risk contracts. As most of our capitated contracts can lead have been restructured to additional a shared risk format, revenue we increased despite the decline in membership. Trip volume increases also have certain capitated contracts that limit profit to within a certain corridor and once we reach the maximum profit level within the contract, we discontinue recognizing revenue and instead accrue a liability to refund the customer upon reconciliation at a later date. The increase in trip volume also increases positively affected revenue for our fee-for-service contracts that are structured as fee-for-service as higher trip volumes correlates due to a larger number of services performed.

Service expense. Service expense components for the NEMT segment are shown below (in thousands):

		December 31,					Year Ended December 31,					
		2022		2021			2023			2022		
		Amount	% of Segment Revenue	Amount	% of Segment Revenue		Amount		% of Segment Revenue	Amount		% of Segment Revenue
Purchased services	Purchased services	$1,267,006	71.6 %	$ 991,502	66.8 %	Purchased services	$1,456,796	74.7	74.7 %	$1,267,006	71.6	71.6 %
Payroll and related costs	Payroll and related costs	180,382	10.2 %	154,856	10.4 %	Payroll and related costs	203,199	10.3	10.3 %	180,382	10.2	10.2 %
Other service expenses	Other service expenses	40,059	2.3 %	39,827	2.7 %	Other service expenses	49,795	2.6	2.6 %	40,059	2.3	2.3 %
Total service expense	Total service expense	$1,487,447	84.1 %	$1,186,185	79.9 %	Total service expense	$1,709,790	87.6	87.6 %	$1,487,447	84.1	84.1 %

Service expense for our NEMT segment primarily consists of transportation costs paid to third party service transportation providers, salaries of employees within our contact centers and operations centers, and occupancy costs. Service expense increased by $301.3 $222.3 million, and 25.4% or 14.9%, for the year ended December 31, 2022 December 31, 2023 as compared to the year ended December 31, 2021, 2022, primarily related to higher purchased services of $275.5 million $189.8 million, or 15.0%, related to an increase in transportation costs due to higher an increase in trip volume in the current year. of 12.2% for 2023 as compared to 2022. Purchased service expense per trip increased by 2.5% due to increased wages for our transportation providers and payroll and related costs and other service expenses increased by 2.2% due to increased wages for our contact center employees, as compared to 2022.

General and administrative expense. General and administrative expense primarily consists of salaries for administrative employees that support the operations of the NEMT segment, occupancy costs, marketing expenditures, insurance, and professional fees. General and administrative expense increased decreased by $14.4 $31.6 million, and 10.9% or 21.5%, for the year ended December 31, 2022 December 31, 2023, as compared to the year ended December 31, 2021, 2022, primarily as a result of $9.2 million various cost savings initiatives which resulted in a decrease of $6.4 million related to personnel expense, as well as a decrease in items that are one-time in nature, such as a decrease of $10.3 million related to lower professional service expense and a decrease of $11.2 million related to legal expense and $8.0 million related to personnel expense. as a result of a case that was settled in 2022.

Depreciation and amortization expense. Depreciation and amortization expense decreased by $0.3 $1.3 million, and 1.2% or 4.5%, for the year ended December 31, 2022 December 31, 2023, as compared to the year ended December 31, 2021 December 31, 2022, as a result of certain intangible assets at Circulation being fully amortized during the second half of 2021. period.

Personal Care

PCS Segment

(in thousands, except Service revenue per hour and Service expense per hour):

	December 31,			
	2022		2021	
	Amount	% of Segment Service Revenue	Amount	% of Segment Service Revenue
Operating Results				
Service revenue, net	$667,674	100.0%	$495,579	100.0%
Grant income	7,351	1.1%	5,441	1.1%
Service expense	520,065	77.9%	392,508	79.2%
General and administrative expense	91,365	13.7%	70,704	14.3%
Depreciation and amortization	51,025	7.6%	23,759	4.8%
Operating income	$ 12,570	1.9%	$ 14,049	2.8%

	Year Ended December 31,					
	2023			202		
	Amount	% of Segment Service Revenue		Amount		
Operating Results						
Service revenue, net						
Service revenue, net	$ 715,615	100.0%	100.0%	$667,674	100.0%	100.0%
Grant income	5,037	0.7%	0.7%	7,351	1.1%	
Service expense						
Service expense	561,919	78.5%		520,065	77.9%	
General and administrative expense	86,767	12.1%	12.1%	91,365	13.7%	
Depreciation and amortization	51,402	7.2%	7.2%	51,025	7.6%	
Impairment of goodwill	137,331	19.2%		—	—%	
Operating income (loss)	$(116,767)	(16.3)%		$ 12,570	1.9%	

Business Metrics (1)	**Business Metrics** (1)		
Business Metrics(1)			
Business Metrics(1)			
Total hours			
Total hours			
Total hours	Total hours	26,918	21,188
Service revenue per hour	Service revenue per hour	$ 24.80	$ 23.39
Service revenue per hour			
Service revenue per hour			
Service expense per hour	Service expense per hour	$ 19.32	$ 18.53
Service expense per hour			
Service expense per hour			

(1) These metrics are key performance indicators that Management uses to evaluate our performance. Trends established in these metrics can be used to evaluate current operating results, identify trends affecting our business, determine the allocation of resources and understand the underlying drivers of costs and revenue for our business. We believe these metrics are useful to investors in evaluating and understanding our business but should not be used solely in assessing the Company's performance. These key performance indicators should not be considered superior to, as a substitute for or as an alternative to, and should be considered in conjunction with, the GAAP financial measures presented herein to fully evaluate and understand the business as a whole.

Our Personal Care segment was established in November 2020 with the acquisition of Simplura and expanded in September 2021 with the acquisition of Care Finders. Our Personal Care PCS segment's services include placements of non-medical personal care assistants and home health aides and nurses primarily to Medicaid patient populations in need of care monitoring and assistance performing daily living activities in the home setting, including senior citizens and disabled adults. The year over year fluctuations are a result of the acquisition of Care Finders, as the acquisition was completed on September 14, 2021 and contributed minimal activity in 2021 compared to a full year of activity in 2022.

Service revenue, net. Personal care service PCS contracts are generally structured as fee-for-service contracts, with revenue being driven by the number of hours worked by our personal care providers. Service revenue, net, increased by $172.1 million $47.9 million or 34.7% 7.2% for the year ended December 31, 2022 December 31, 2023 compared to 2021, 2022, primarily due to revenue from the Care Finders acquisition of $118.1 million. The remainder of the increase in service revenue is attributable to Simplura, due to 3.4% higher hours worked by our personal care providers in 2022 and higher wage rates for caregivers 2023 as compared to 2021 2022, as well as 3.7% higher rates per hour during the asset acquisition completed in May 2022, as disclosed in Note 3, *Acquisitions*. same period.

Grant Income income. The During the years ended December 31, 2023, and 2022, the Company recognized income related to for government grant distributions received of $5.0 million and $7.4 million, respectively, primarily from the CARES Act PRF and the ARPA SLFRF which SLFRF. These government grants are targeted to providing economic relief and stimulus to combat health and economic impacts of the COVID-19 pandemic. In the years ended December 31, 2022, These funds were received by our PCS segment and 2021, the Company recognized income from distributions of $7.4 million are available to eligible providers who have healthcare-related expenses and $5.4 million, respectively. lost revenues attributable to COVID-19.

Service expense. Service expense components for the Personal Care PCS segment are shown below (in thousands):

		December 31,				Year Ended December 31,			
		2022		2021		2023		2022	
		Amount	% of Segment Service Revenue	Amount	% of Segment Service Revenue	Amount	% of Segment Service Revenue	Amount	% of Segment Service Revenue
Payroll and related costs	Payroll and related costs	$513,748	76.9 %	$387,060	78.1 %				
Payroll and related costs									
Payroll and related costs						$555,606	77.6 %	$513,748	76.9 %

Other service expenses	Other service expenses	6,317	1.0 %	5,448	1.1 %	Other service expenses	6,313	0.9	0.9 %	6,317	1.0	1.0 %
Total service expense	Total service expense	$520,065	77.9 %	$392,508	79.2 %	Total service expense	$561,919	78.5	78.5 %	$ 520,065	77.9	77.9 %

Service expense for our Personal Care PCS segment primarily consists of salaries for our employees that provide personal care services and it typically trends with the number of hours worked. worked and total cost per hour of service. Service expense for the year ended December 31, 2022 December 31, 2023 increased by $41.9 million, increased $127.6 million and 32.5% or 8.0%, as compared to the year ended December 31, 2021 December 31, 2022, primarily as a result of a 4.5% increase in service expense of $88.0 million related to the Care Finders acquisition that occurred in September 2021. The remaining increase is per hour, driven primarily by increased wage rates particularly for our caregivers, predominately from wage pressures in New York, in combination with a 3.4% increase in hours of service during 2023 as well as increased direct wages as a result of the assembled workforce acquired with our asset acquisition compared to 2022.

General and administrative expense. General and administrative expense primarily consists of salaries for administrative employees that support the operations of the Personal Care PCS segment, occupancy costs, marketing expenditures, insurance, and professional fees. General and administrative expense increased decreased by $20.7 million and 29.2% $4.6 million, or 5.0%, for the year ended December 31, 2022 December 31, 2023 as compared to 2021, 2022, primarily related to costs from the acquisition of Care Finders of $18.4 million lower insurance-related expense and lower legal fees during 2023 along with lower integration related expenses during 2023.

Depreciation and amortization expense. Depreciation and amortization expense increased by $27.3 million and 114.8% remained consistent for the year years ended December 31, 2022 December 31, 2023 and 2022 with an increase of $0.4 million, or 0.7%, for 2023 as compared to 2021. The increase is primarily due to amortization expense on 2022.

Impairment of goodwill. As a result of our annual goodwill assessment, we determined that the intangible assets brought on under goodwill within our PCS reporting unit was impaired which resulted in an impairment of goodwill charge of $137.3 million during the Care Finders acquisition second quarter of $11.8 million. The increase for the year ended 2022 is also driven by the additional amortization expense of $14.3 million related to the change in useful lives of Simplura intangible assets as discussed in Note 2, *Significant Accounting Policies and Recent Accounting Pronouncements.* 2023.

RPM Segment

(in thousands, except Revenue per member per month and Service expense per member per month):

	Year Ended December 31,			
	2023		2022	
	Amount	% of Segment Service Revenue	Amount	% of Segment Service Revenue
Operating Results				
Service revenue, net	$ 77,941	100.0%	$ 68,277	100.0%
Service expense	27,025	34.7%	24,562	36.0%
General and administrative expense	22,971	29.5%	23,156	33.9%
Depreciation and amortization	24,536	31.5%	19,854	29.1%
Impairment of goodwill	45,769	58.7%	—	—%
Operating income (loss)	$ (42,360)	(54.3)%	$ 705	1.0%
Business Metrics(1)				
Average monthly members	244		210	
Revenue per member per month	$ 26.62		$ 27.09	
Service expense per member per month	$ 9.23		$ 9.75	

	December 31,			
	2022		2021	
	Amount	% of Segment Revenue	Amount	% of Segment Revenue
Operating Results				
Service revenue, net	$ 68,277	100.0%	$ 17,617	100.0%
Service expense	24,562	36.0%	5,605	31.8%

General and administrative expense		23,156	33.9%		5,791	32.9%
Depreciation and amortization		19,854	29.1%		4,181	23.7%
Operating income	$	705	1.0%	$	2,040	11.6%
Business Metrics (1)						
Average monthly members		210			173	
Revenue per member per month	$	27.09		$	30.86	(2)
Service expense per member per month	$	9.75		$	9.82	(2)

(1) These metrics are key performance indicators that Management uses to evaluate our performance. Trends established in these metrics can be used to evaluate current operating results, identify trends affecting our business, determine the allocation of resources and understand the underlying drivers of costs and revenue for our business. We believe these metrics are useful to investors in evaluating and understanding our business but should not be used solely in assessing the Company's performance. These key performance indicators should not be considered superior to, as a substitute for or as an alternative to, and should be considered in conjunction with, the GAAP financial measures presented herein to fully evaluate and understand the business as a whole.

(2) The calculations for the year ended December 31, 2021 for revenue per member per month and service expense per member per month are calculated for the portion of the year that the Company owned the VRI business, which was acquired in September 2021.

Our Remote Patient Monitoring segment was established in September 2021 with the acquisition of VRI and expanded in May 2022 with the acquisition of GMM. The RPM segment is a provider of remote patient monitoring solutions and manages a comprehensive suite of services, including personal emergency response systems, vitals monitoring and data-driven patient engagement solutions. The annual fluctuations for the years ended December 31, 2022 and 2021, respectively, are not meaningful as the segment only contributed minimal activity in 2021 and a full year of activity in 2022.

Service revenue, net. RPM contracts are generally structured as a fixed fee per enrolled member per month and therefore, revenue is generally driven by the number of enrolled members. Service revenue, net, from MCO, Medicare, and State Medicaid contracts accounted for 82.2% of service revenue, net, increased by $9.7 million, or 14.2%, for the year ended December 31, 2022. The remainder December 31, 2023 as compared to 2022, primarily related to incremental revenue of $7.5 million from the RPM segment revenue is derived acquisition of GMM that occurred in May 2022, which also contributed to the 16.2% increase in average monthly members from private pay and other contracts. 2022 to 2023.

Service expense. Service expense components for the RPM segment are shown below (in thousands):

	December 31, 2022 Amount	2022 % of Segment Revenue	2021 Amount	2021 % of Segment Revenue
Payroll and related costs	$ 12,086	17.7 %	$ 3,158	17.9 %
Other service expenses	12,476	18.3 %	2,447	13.9 %
Total service expense	$ 24,562	36.0 %	$ 5,605	31.8 %

	Year Ended December 31, 2023 Amount	2023 % of Segment Service Revenue	2022 Amount	2022 % of Segment Service Revenue
Payroll and related costs	$13,539	17.4 %	$12,086	17.7 %
Other service expenses	13,486	17.3 17.3 %	12,476	18.3 18.3 %
Total service expense	$27,025	34.7 34.7 %	$ 24,562	36.0 36.0 %

Service expense for our RPM segment primarily consists of salaries for the employees providing the remote monitoring services and it typically trends with the number of hours worked. Service expense for the year ended December 31, 2023 increased $2.5 million, or 10.0%, as compared to 2022, primarily as a result of an increase in direct wages driven by the additional hours worked to service the 16.2% increase in average monthly members as well as an increase in device connectivity costs related to the additional devices deployed to service the higher membership levels.

General and administrative expense. General and administrative expense primarily consists of salaries for administrative employees that indirectly support the operations of the RPM segment, occupancy costs, marketing expenditures, insurance, and professional fees. General and administrative expense remained relatively consistent for the year ended December 31, 2023 as compared to 2022, with a decrease of $0.2 million, or 0.8%.

Depreciation and amortization expense. Depreciation and amortization expense consists increased by $4.7 million, or 23.6%, for the year ended December 31, 2023 as compared to 2022, primarily of related to additional depreciation and amortization expense on of $2.2 million related to the intangible assets brought on during acquired from the acquisition of GMM that occurred in May 2022 as well as additional depreciation on expense related to the fixed assets acquired. additional devices that were in service related to the 16.2% increase in average monthly members in 2023 as compared to 2022.

Impairment of goodwill. As a result of our annual goodwill assessment, we determined that the goodwill within our RPM reporting unit was impaired which resulted in an impairment of goodwill charge of $45.8 million during the second quarter of 2023.

Corporate and Other Segment

(in thousands)

	Year Ended December 31,			Year Ended December 31,	
	2023			2023	2022
Service revenue, net					
		December 31,			
		2022	2021		
Service expense					
Service expense					
Service expense					
General and administrative expense	General and administrative expense	$ 60,715	$ 62,686		
Depreciation and amortization	Depreciation and amortization	827	—		
Operating loss	Operating loss	$(61,542)	$(62,686)		

Our Corporate and Other segment was established beginning January 1, 2022 as a result of a segment reorganization completed by the Company. The Company's Corporate and Other segment includes the Company's executive, accounting, finance, internal audit, tax, legal, public reporting, and corporate development functions. This segment also includes the results of our equity investment in Matrix. Matrix and the operating results of investments in innovation related to data analytics products and solutions, which contributes to our strategic investment in growth.

Service revenue, net and Service expense: At the end of the first quarter of 2023, we made an investment in innovation related to our data analytics capabilities within our Corporate and Other segment, which contributes to service revenue, net and service expense.

General and administrative expense and Depreciation and amortization: Our Corporate and Other segment holds costs incurred related to strategy and stewardship of the other operating segments. These expenses are primarily general and administrative expenses, with a small amount related to depreciation. The general and administrative expense decreased increased by $2.0 million and 3.1% $18.8 million, or 30.9%, for the year ended December 31, 2022. December 31, 2023 as compared to 2022. This increase is primarily related to software implementation costs for ongoing system integration projects, including general ledger and personnel management system integrations. This balance has also increased due to consulting costs and litigation costs related to executive turnover.

Seasonality

Our NEMT segment's and PCS segments' operating income and cash flows normally fluctuate as a result of seasonal variations in our business, principally due to lower demand for transportation demand and in-home services during the winter season and higher demand during the summer season.

Our Personal Care segment's operating income and cash flows also normally fluctuate as a result of seasonal variations in the business, principally due to somewhat lower demand for in-home services from caregivers during the summer and periods with major holidays as members and patients may spend more time with family and less time alone needing outside care during those periods.

While this fluctuation is noted in terms of the use of our services during these seasonal shifts, it does not have a material impact on our results of operations and therefore is not adjusted for. Our RPM segment's operating income and cash flows do not normally fluctuate as a result of seasonal variations in the business.

Liquidity and Capital Resources

Short-term capital requirements consist primarily of recurring operating expenses, new revenue contract start-up costs on new revenue contracts, interest expense on outstanding borrowings and costs associated with our strategic initiatives. We expect to meet our cash requirements in the next 12 months through available cash on hand, cash generated from operations, net of capital expenditures, and occasional borrowings under our New Credit Facility. For information regarding our long-term capital requirements, see below under the caption "Liquidity".

Cash flow used in operating activities during the year ended December 31, 2022 December 31, 2023 was $10.4 million $83.0 million. Our balance of cash and cash equivalents, including restricted cash, was $2.8 million and $15.0 million at December 31, 2023 and $133.4 million at December 31, 2022 and 2021, 2022, respectively. We had restricted cash of $0.6 million and $0.5 million at December 31, 2023 and $0.3 million at December 31, 2022 and 2021, 2022, respectively. Restricted cash amounts are not included in our balance of cash and cash equivalents in the consolidated balance sheets, although they are included in the cash, cash equivalents and restricted cash balance on the accompanying consolidated statements of cash flows.

We may, from time to time, seek to access capital markets to raise equity or debt financing for various business reasons, including acquisitions, repurchases of common stock, investments in our business and possible refinancing activity. The timing, term, size, and pricing of any such financing will depend on investor interest and market conditions, and there can be no assurance that we will be able to obtain any such financing on terms acceptable to us at the time or at all.

2022 2023 cash flows compared to 2021 2022

Operating activities. Cash used in operating activities was $10.4 million $83.0 million for 2022 2023 compared to cash provided by used in operating activities of $186.8 $10.4 million for 2021. 2022. The decrease of $197.3 million $72.5 million was primarily a result of a decrease in cash provided by changes in working capital of $188.0 $74.2 million. The working capital changes were related to a decrease an increase in the change in cash paid for accounts payable and accrued contract payables expenses of $195.0 million $64.9 million, primarily related to repayments on previously accrued contract payable amounts

made timing of vendor payments during 2022 combined with lower liability reserves on certain risk corridor, profit rebate and reconciliation contracts due 2023 as compared to higher trip volumes during 2022. Also contributing to the decrease in working capital is a decrease in the change in accrued transportation costs cash received from contract receivables of $30.1 million $26.2 million primarily related to decreased cycle time to pay our transportation providers therefore decreasing the accrued transportation costs in 2022 compared to 2021, and an increase in the accounts receivable balance a build of $42.0 million, primarily receivables related to receivables recorded on our risk corridor, profit rebate, and reconciliation and corridor contracts. These working capital decreases were partially offset by an increase in cash due to a decrease in cash paid for contract payables of $10.5 million primarily related to repayments on previously accrued contract payable amounts made during 2023 combined with lower liability reserves on risk corridor, profit rebate and reconciliation contracts due to higher trip volumes during 2023. Also offsetting the working capital decreases was an increase in the accounts payable and change in accrued expenses balance transportation costs of $74.0 million $6.8 million primarily related to timing of vendor payments to our transportation providers in 2023 compared to 2022.

Investing activities. Net cash used in investing activities was $111.8 million $42.3 million in 2022 2023 compared to $685.6 $111.8 million in 2021. 2022. The change in cash used in investing activities was driven by a decrease in cash used for acquisitions of $585.5 $78.8 million, primarily due to the Company's acquisitions of WellRyde, Care Finders, and VRI in 2021 compared to only the purchase of GMM and an asset acquisition in 2022.

Financing activities. Net cash provided by financing activities was $3.8 $113.1 million in 2022 2023 compared to net cash provided by financing activities of $448.9 $3.8 million in 2021. 2022. The decrease increase in cash provided by financing activities in 2023 was primarily due to the Company not issuing senior notes during 2022, as compared to the Company's issuance a result of senior notes in August 2021 for $500.0 million. This decrease is partially offset by the Company not participating in a stock repurchase program during 2022 as compared to 2021, during which cash paid to repurchase common stock was $39.0 million. See Note 14, *Stockholders' Equity*, for further information on the stock buyback.

We also had increased borrowings proceeds from our short-term borrowing on our New Credit Facility of $113.8 million compared to no proceeds from debt or other short-term borrowings during 2022 that allowed us the temporary liquidity needed during the year to execute our acquisitions and pay contract liabilities. As of December 31, 2022 we had no borrowings on our New Credit Facility. 2022.

2021 2022 cash flows compared to 2020 2021

For a comparison of our cash flows for 2021 2022 to 2020, 2021, see “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” of our Form 10-K for the fiscal year ended December 31, 2021 December 31, 2022, filed with the SEC on March 1, 2022 March 7, 2023.

Obligations and commitments

Senior Unsecured Notes. On November 4, 2020, the Company issued $500.0 million in aggregate principal amount of 5.875% senior unsecured notes due on November 15, 2025 (the “Senior Notes due 2025”). Subsequently, on August 24, 2021, the Company issued an additional $500.0 million in aggregate principal amount of 5.000% senior unsecured notes due on October 1, 2029 (the “Senior Notes due 2029” and, together with the Senior Notes due 2025, the “Notes”). The Senior Notes due 2025 and the Senior Notes due 2029 were issued pursuant to two indentures, dated November 4, 2020 and August 24, 2021, respectively, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee. The proceeds from the Senior Notes due 2025 were used to fund a portion of the Company’s acquisition of Simplura and the proceeds from the Senior Notes due 2029 were used to fund a portion of the Company’s acquisition of VRI.

The Notes are senior unsecured obligations and rank senior in right of payment to all of the Company's future subordinated indebtedness, rank equally in right of payment with all of the Company's existing senior indebtedness, are effectively subordinated to any of the Company's existing and future secured indebtedness, including indebtedness under the New Credit Facility, to the extent of the value of the assets securing such indebtedness, and are structurally subordinated to all of the existing and future liabilities (including trade payables) of each of the Company’s non-guarantor subsidiaries.

The Company will pay interest on the Notes at their applicable annual rates until maturity. Interest on the Senior Notes due 2025 is payable semi-annually in arrears on May 15 and November 15 of each year. Interest on the Senior Notes due 2029 is payable semi-annually in arrears on April 1 and October 1 of each year, with the first interest payment date being April 1, 2022. year. Principal payments are not required until the maturity date on November 15, 2025 and October 1, 2029 when 100% 100.0% of the outstanding principal will be required to be repaid on the Senior Notes due 2025 and the Senior Notes due 2029, respectively.

New Credit Facility. On February 3, 2022, The Company is party to the Company entered into a new amended and restated credit agreement, (the "New dated as of February 3, 2022 (as amended, the "New Credit Agreement" Agreement"), with JPMorgan Chase Bank, N.A., as administrative agent, swing line lender and an issuing bank, Wells Fargo Bank, National Association, as an issuing bank, Truist Bank and Wells Fargo Bank, National Association, as co-syndication agents, Deutsche Bank AG New York Branch, Bank of America, N.A., Regions Bank, Bank of Montreal and Capital One, National Association, as co-documentation agents, and JPMorgan Chase Bank, N.A., Truist Securities, Inc. and Wells Fargo Securities, LLC, as joint bookrunners and joint lead arrangers, and the other lenders party

thereto. The New Credit Agreement

provides the Company with a senior secured revolving credit facility (the "New Credit Facility") in an aggregate principal amount of $325.0 million. There is an option to increase the amount of the New Credit Facility or obtain incremental term loans by an aggregate amount of up to $175.0 million, plus an unlimited amount so long as the pro forma secured net leverage ratio does not exceed 3.50:1.00, as described below. The New Credit Facility includes sublimits for swingline loans, letters of credit and alternative currency loans in amounts of up to $25.0 million, $60.0 million and $75.0 million, respectively. The Company did not draw any amount of the New Credit Facility at closing of the New Credit Agreement. At closing of the New Credit Agreement on February 3, 2022, the Company had $22.8 million of outstanding letters of credit under the New Credit Facility. The proceeds of the New Credit Facility may be used (i) to finance working capital needs of the Company and its subsidiaries and (ii) for general corporate purposes of the Company and its subsidiaries (including to finance capital expenditures, permitted acquisitions and investments). The New Credit Facility replaces the Old Credit Facility under the Old Credit Agreement, which was terminated concurrently with the Company's entry into the New Credit Agreement.

Under the New Credit Facility the Company has an option to request an increase in the amount of the New Credit Facility or obtain incremental term loans from time to time (on substantially the same terms as apply to the existing facilities) by an aggregate amount of up to $175.0 million, plus an unlimited amount so long as the pro forma secured net leverage ratio does not exceed 3.50:1.00, with either additional commitments from lenders under the New Credit Agreement at such time or new commitments from financial institutions approved by the Company and the administrative agent (which approval is not to be unreasonably withheld), so long as, at the time of any such increase, no default or event of default exists, the representations and warranties of the Company set forth in the New Credit Agreement are true and correct in all material respects and the Company is in pro forma compliance with the financial covenants in the New Credit Agreement. The Company may not be able to access additional funds under this increase option as no lender is obligated to participate in any such increase under the New Credit Facility.

The New Credit Facility matures on February 3, 2027. The Company may prepay the New Credit Facility in whole or in part, at any time without premium or penalty, subject to reimbursement of the lenders' breakage and redeployment costs in connection with prepayments of Term Benchmark loans or RFR loans, each as defined in the New Credit Agreement. The unutilized portion of the commitments under the New Credit Facility may be irrevocably reduced or terminated by the Company at any time without penalty.

Interest on the outstanding principal amount of the loans accrues at a per annum rate equal to the Alternate Base Rate, the Adjusted Term SOFR Rate, the Adjusted Daily Simple SOFR Rate, the Adjusted EURIBOR Rate or the Adjusted Daily Simple SONIA Rate, as applicable and each as defined in the New Credit Agreement, in each case, plus an applicable margin. The applicable margin ranges from 1.75% to 3.50% in the case of Term Benchmark loans or RFR loans, each as defined in the New Credit Agreement, and 0.75% to 2.50% in the case of the Alternate Base Rate loans, in each case, based on the Company's total net leverage ratio as defined in the New Credit Agreement. Interest on the loans is payable quarterly in arrears in the case of Alternate Base Rate loans, on the last day of the relevant interest period in the case of Term Benchmark loan, and monthly in arrears in the case of RFR loans. In addition, the Company is obligated to pay a quarterly commitment fee based on a percentage of the unused portion of the revolving credit facility and quarterly letter of credit fees based on a percentage of the maximum amount available to be drawn under each outstanding letter of credit. The commitment fee and letter of credit fee range from 0.30% to 0.50% and 1.75% to 3.50%, respectively, in each case, based on the Company's total net leverage ratio.

The New Credit Agreement contains customary representations financial and warranties, non-financial covenants, including an affirmative covenant regarding our Total Net Leverage Ratio, determined as of the end of each of our fiscal quarters, which is the ratio of (a) our total net indebtedness to (b) our earnings before interest, taxes, depreciation, amortization, and negative certain non-recurring charges, fees and expenses, as set forth in the New Credit Agreement. On June 26, 2023, the Company entered into the First Amendment to the New Credit Agreement to increase the maximum permitted Total Net Leverage Ratio for all fiscal quarters ending on or after June 30, 2023. As of December 31, 2023, we were in compliance with all covenants contained in the New Credit Agreement and events our Total Net Leverage Ratio was 4.74:1.00.

On February 22, 2024, the Company entered into the Second Amendment to the New Credit Agreement to further increase the maximum permitted Total Net Leverage Ratio for all fiscal quarters ending on or after December 31, 2024 as follows: for the fiscal quarters ending March 31, 2024 through June 30, 2024, 5.50:1.00; for the fiscal quarters ending September 30, 2024 through December 31, 2024, 5.25:1.00; for the fiscal quarters ending March 31, 2025 through September 30, 2025, 5.00:1.00; for the fiscal quarters ending December 31, 2025 through March 31, 2026, 4.75:1.00; and for all fiscal quarters ending after March 31, 2026, 4.50:1.00. The Second Amendment also includes a quarterly minimum liquidity covenant that restricts the Company from permitting its Liquidity (as defined in the Second Amendment and which is determined generally to be, as of default. The negative covenants include restrictions on any date of determination, the sum of the Company's ability to, among other things, incur additional indebtedness, create liens, make investments, give guarantees, pay dividends, sell assets and merge and consolidate. The Company is subject to financial covenants, including total net leverage and interest coverage covenants.

The Company's obligations available borrowing capacity under the New Credit Facility are guaranteed by all plus the amount of its unencumbered cash), to be less than $100.0 million as of the Company's present last day of each fiscal quarter.

Based on our projections of financial performance, we expect to remain in compliance with the Total Net Leverage Ratio covenant and future material domestic subsidiaries, excluding certain material domestic subsidiaries that are excluded from being guarantors pursuant the minimum liquidity covenant as set forth in the second amendment to the terms of the New Credit Agreement. The Company's Agreement for the twelve-month period subsequent to the date of the filing of this Annual Report. However, our assessment of our ability to meet our future obligations under, is inherently subjective, judgment-based, and each guarantor's obligations under its guaranty of, susceptible to change based on future events.

Our financial and operating performance, as well as our ability to generate sufficient cash flow to maintain compliance with covenants, are subject to certain risk factors; see Item 1A. “Risk Factors” for further discussion.

For additional information related to the Company's New Credit Facility, are secured by a first priority lien on substantially all refer to Note 11 of the Company's or such guarantor’s respective assets. If an event Notes to the condensed consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data” of default occurs, the required lenders may cause the administrative agent to declare all unpaid principal and any accrued and unpaid interest and all fees and expenses under the New Credit Facility to be immediately due and payable. All amounts outstanding under the New Credit Facility will automatically become due and payable upon the commencement of any bankruptcy, insolvency or similar proceedings. The New Credit Agreement also contains a cross default to any of the Company’s indebtedness having a principal amount in excess of $40 million. this Annual Report.

Preferred Stock. On June 8, 2020, the Company entered into a Preferred Stock Conversion Agreement (the "Conversion Agreement") with the Coliseum Stockholders. Pursuant to the Conversion Agreement, the Company purchased 369,120 shares of Series A Convertible Preferred Stock, par value $0.001 per share, in exchange for $209.88 in cash per share

of Series A Preferred Stock, plus a cash amount equal to accrued but unpaid dividends on such shares of Series A Preferred Stock through the day prior to June 11, 2020. Further, the Coliseum Stockholders converted 369,120 shares of Series A Preferred Stock into 925,567 shares of common stock, a cash payment equal to accrued but unpaid dividends on such shares of Series A Preferred Stock through June 11, 2020, and a cash payment of $8.82 per share of Series A Preferred Stock. The amount of accrued dividends paid pursuant to the Conversion Agreement was equal to $0.8 million.

Further, on September 3, 2020, the Company elected to effect the conversion (the “Conversion”) of all of the outstanding Series A Convertible Preferred Stock. In accordance with the Conversion Agreement, as amended, immediately prior to the Conversion, the Company repurchased 27,509 shares of Series A Preferred Stock from the Coliseum Shareholders for a cash amount equal to $209.88 per share of Series A Preferred Stock and a cash amount equal to accrued but unpaid dividends on such shares through the day prior to the Conversion.

Cash dividends on the Series A Convertible Preferred Stock were payable quarterly in arrears to the Preferred Shareholders on January 1, April 1, July 1 and October 1 of each year, and, if declared, began to accrue on the first day of the applicable dividend period. The Company had the option to pay dividends in kind, but never exercised such option while the shares of Series A Convertible Preferred Stock were outstanding. For the years ended December 31, 2022 and 2021, respectively, no convertible preferred stock dividends were issued.

Insurance Programs

With respect to the Company’s historical wholly-owned captive insurance company subsidiary, Social Services Providers Captive Insurance Company, or SPCIC, the operations with respect to which have been discontinued since 2017, the Company utilizes a report prepared by an independent actuary to estimate the gross expected losses related to historical automobile, general and professional and workers’ compensation liability reinsurance policies, including the estimated losses in excess of SPCIC’s insurance limits, which would be reimbursed to SPCIC to the extent such losses were incurred. As of December 31, 2022 December 31, 2023 and 2021, 2022, the Company had reserves of $16.0 million $20.2 million and $8.3 million $16.0 million, respectively, for the automobile, general and professional liability and workers’ compensation reinsurance policies. The gross reserve as of December 31, 2022 December 31, 2023 and 2021 2022 of $37.1 million $45.7 million and $22.3 million $37.1 million, respectively, is classified as current liabilities and other long-term liabilities in the consolidated balance sheets. The estimated amount to be reimbursed to the Company as of December 31, 2022 December 31, 2023 and 2021 2022 was $21.1 million $25.5 million and $14.0 million $21.1 million, respectively, and is classified as other long-term assets in the consolidated balance sheets.

Further, we had restricted cash of $0.6 million and $0.5 million at December 31, 2023 and $0.3 million at December 31, 2022 and December 31, 2021, respectively, which was primarily restricted to secure the reinsured claims losses under the historical automobile, general and professional liability and workers’ compensation reinsurance programs.

Liquidity

Liquidity measures our ability to meet current and future cash flow needs on a timely basis and at a reasonable cost. We manage our liquidity position to meet our daily cash flow needs, while maintaining an appropriate balance between assets and liabilities to meet the return on investment objectives of our shareholders. Our liquidity position is supported by management of liquid assets and current liabilities and access to alternative sources of funds. Liquid assets include included cash of $14.5 $2.2 million and accounts receivable, contract receivables, and other receivables of $296.8 million $375.1 million as of December 31, 2023. Short-term Current liabilities, which totaled $656.2 million $706.6 million at year end as detailed in the table below, included $72.5 million $74.0 million in guarantees and letters of credit that are not actually expected to be paid in cash in the next 12 months. Other sources of liquidity include amounts currently available under our New Credit Facility and expected future cash generated from operations. As of $286.9 million December 31, 2023, we had amounts currently available under our New Credit Facility of up to approximately $61.0 million based on our Total Net Leverage Ratio of 5.00:1.00 as in effect for the quarter ended December 31, 2023.

We believe that, based on our current forecasts, the cash generated by our operations, amounts available under our New Credit Agreement and our current liquid assets will continue to be sufficient to fund our operations and growth strategies for the next twelve months. Our assessment is based on assumptions that may prove to be incorrect, and our operating projections, including our projected cash generated by our operations, may change as a result of many factors currently unknown to us.

In accordance with Accounting Standards Codification ("ASC") Subtopic 205-40, *Presentation of Financial Statements - Going Concern*, we have evaluated whether there are conditions and events, considered in the aggregate, that raise substantial doubt about our ability to continue as a going concern within one year after the date that the consolidated financial statements are issued. As of the date of this Annual Report, we do not believe that substantial doubt exists about our ability to continue as a going concern. While we believe we have sufficient liquidity to meet our cash obligations for the next twelve months as further discussed above, we note that the Notes due 2025, which mature in November 2025 and are classified as long-term debt on our balance sheet as of December 31, 2022. December 31, 2023, will become current liabilities beginning in November 2024 and payable within twelve months of such time, which could lead to substantial doubt being raised at that time. Accordingly, we expect that we will need to raise additional capital to repay or refinance this debt prior to its maturity date. Our ability to raise additional capital, including to repay or refinance the Notes due 2025, is subject to certain risk factors; see Item 1A. "Risk Factors" for further discussion.

In the ordinary course of business we have entered into contractual obligations and have made other commitments to make future payments. Our short-term and long-term liquidity requirements are primarily to fund on-going operations. These liquidity requirements are met primarily through cash flow from operations, debt financing, and borrowings under our New Credit Facility. For additional information regarding our operating, investing and financing cash flows, see "Consolidated Financial Statements—Consolidated Statements of Cash Flows," included in Part II, Item 8 of this report. Annual Report.

The Company has cash requirements of $656.2 million $706.6 million due in one year or less in addition to $1,343.7 million $1,218.7 million due in more than one year as of December 31, 2022 December 31, 2023. The following is a summary of our future cash requirements for the next twelve months and the period extending beyond twelve months as of December 31, 2022 December 31, 2023 (in thousands):

	At December 31, 2022		
	Total	Less than 1 Year	Greater than 1 Year
Senior Unsecured Notes (1)	$ 1,000,000	$ —	$ 1,000,000
Interest (1)	252,306	54,375	197,931
Guarantees (2)	34,921	34,402	519
Operating leases (3)	49,835	11,346	38,489
Letters of credit (2)	38,145	38,145	—
Contracts payable (4)	194,287	194,287	—
Transportation costs (5)	96,851	96,851	—
Other current cash obligations (6)	190,819	190,819	—
Deferred tax liabilities (7)	57,236	—	57,236
Purchased service commitment (8)	85,500	36,000	49,500
Total	$ 1,999,900	$ 656,225	$ 1,343,675

	At December 31, 2023		
	Total	Less than 1 Year	Greater than 1 Year
Senior Unsecured Notes(1)	$ 1,000,000	$ —	$ 1,000,000
Interest(1)	207,490	62,717	144,773
Guarantees(2)	34,113	33,594	519
Operating leases(3)	42,511	8,727	33,784
Letters of credit(2)	40,409	40,409	—
Contracts payable(4)	117,488	117,488	—
Transportation costs(5)	97,245	97,245	—
Deferred tax liabilities(6)	39,584	—	39,584
Purchased service commitment(7)	49,500	49,500	—
Short-term borrowings(8)	113,800	113,800	—
Other current cash obligations(9)	183,142	183,142	—
Total	$ 1,925,282	$ 706,622	$ 1,218,660

(1) See Note 12 11 of the Notes to the consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" for further detail of our Senior Unsecured Notes and the timing of expected future payments. Interest payments on our Senior Unsecured Notes are typically paid semi-annually in arrears and have been calculated

at the rates fixed as of December 31, 2022 December 31, 2023. Interest payments on our short-term borrowings have been calculated by taking the expected borrowing on the New Credit Facility for the next twelve months at the interest rate of 9.6%

(2) Letters of credit ("LOCs") are guarantees of potential payments to third parties under certain conditions. Guarantees include surety bonds we provide to certain customers to protect against potential non-delivery of our non-emergency transportation services. Our LOCs shown in the table were provided by our New Credit Facility and reduced our availability thereunder. The surety bonds and LOC amounts in the above table represent the amount of commitment expiration per period.

(3) The operating leases are for office space. Certain leases contain periodic rent escalation adjustments and renewal options. See Note 17 15 of the Notes to the consolidated financial statements included in Part II, Item 8, "Financial Statements and Supplementary Data" for further detail of our operating leases.

(4) See Note 5 of the Notes to the consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data” for further detail of our contracts payable.

(5) See Note 1 of the Notes to the consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data” for further detail of our accrued transportation cost. costs.

(6) These include other current liabilities reflected in our consolidated balance sheets as of December 31, 2022, including accounts payable and accrued expenses as detailed at Note 11 to the Consolidated Financial Statements included in Part II, Item 8, “Financial Statements and Supplementary Data”.

(7) See Note 18 16 of the Notes to the consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data” for further detail of our deferred tax liabilities.

(8) (7) The purchased service commitment includes the maximum penalty we would incur if we do not meet our minimum volume commitment over the remaining term of the agreement under certain contracts. See Note 19 17 of the Notes to the consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data” for further detail of our purchased service commitment.

(8) Short-term borrowings shown in the table were provided by our New Credit Facility and reduced our availability under the related New Credit Agreement. See Note 11 of the Notes to the consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data” for further detail of our New Credit Facility and current borrowings under the New Credit Facility.

(9) These include other current liabilities reflected in our consolidated balance sheets as of December 31, 2023, including accounts payable and accrued expenses as detailed at Note 10 to the Consolidated Financial Statements included in Part II, Item 8, “Financial Statements and Supplementary Data”.

Our primary sources of funding include operating cash flows, available borrowing capacity under the New Credit Facility and access to capital markets. There In addition, there are statutory, regulatory, and debt covenant limitations that affect our ability to access the capital market for funds. Management believes that such limitations will not impact our ability to meet our ongoing short-term cash obligations. Management continuously monitors our liquidity position and adjustments are made to the balance between sources and uses of funds as deemed appropriate. Our management is not aware of any events that are reasonably likely to have a material adverse effect on our liquidity, capital resources, or operations. In addition, our management is not aware of any regulatory recommendations regarding liquidity, which if implemented, would have a material adverse effect on us.

Stock repurchase programs

On March 11, 2020, the Board authorized a stock repurchase program under which the Company could repurchase up to $75.0 million in aggregate value of the Company’s Common Stock, subject to the consent of the holders of a majority of the Company’s Series A convertible preferred stock, through December 31, 2020. A total of 195,677 shares were repurchased under this program for approximately $10.2 million during the year ended December 31, 2020.

On March 8, 2021, the Board authorized a new stock repurchase program under which the Company could repurchase up to $75.0 million in aggregate value of the Company’s Common Stock through December 31, 2021, unless terminated earlier. A total of 276,268 shares were repurchased under the program for $40.0 million during the year ended December 31, 2021.

No repurchase program was authorized during the year ended December 31, 2022.

Off-balance sheet arrangements

As of December 31, 2022 December 31, 2023 and 2021, 2022, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities referred to as structured finance or special purpose entities, which were established for the purpose of facilitating off-balance sheet arrangements or other contractually narrow or limited purposes.

Item 7A. ***Quantitative and Qualitative Disclosures About Market Risk.***

Interest rate risk

We have exposure to interest rate risk mainly related to our New Credit Facility, which has variable interest rates that may increase. We did not have any amounts had $113.8 million of short-term borrowings outstanding on the New Credit Facility and $40.4 million of outstanding letters of credit under our the New Credit Facility at December 31, 2022 December 31, 2023.

Interest rates on the outstanding principal amount of the New Credit Facility vary and accrue at a per annum rate equal to the Alternate Base Rate, the Adjusted Term SOFR Rate, the Adjusted Daily Simple SOFR Rate, the Adjusted EURIBOR Rate or the Adjusted Daily Simple SONIA Rate, as applicable and each as defined in the New Credit Agreement, in each case, plus an applicable margin. We completed an interest rate risk sensitivity analysis with the assumption that the short-term borrowing amount that was outstanding as of December 31, 2023 was outstanding for the fiscal year with an assumed one-percentage point increase in interest rates. Based on this analysis, the one-percentage point increase would have an approximate $1.1 million negative impact on our pre-tax earnings.

Item 8. ***Financial Statements and Supplementary Data.***

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
ModivCare Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of ModivCare Inc. and subsidiaries (the Company) as of December 31, 2022 December 31, 2023 and 2021, 2022, the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three-year three-year period ended December 31, 2022 December 31, 2023, and the related notes, and financial statement schedule II (collectively, the consolidated financial statements). In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 December 31, 2023 and 2021, 2022, and the results of its operations and its cash flows for each of the years in the three-year three-year period ended December 31, 2022 December 31, 2023, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022 December 31, 2023, based on criteria established in Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 6, 2023 February 23, 2024 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

We did not audit the financial statements of Mercury Parent, LLC (a 43.6 percent owned investee company) as of December 31, 2021 and for the years year ended December 31, 2021 and 2020. . The Company's investment equity in Mercury Parent, LLC was $83.1 million as of December 31, 2021, and its equity earnings (loss) net loss of Mercury Parent, LLC was $(53.1) million and $8.9 million $53.1 million for the years year ended 2021 and 2020, respectively. 2021. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Mercury Parent, LLC is based solely on the report reports of the other auditors.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide and the report of the other auditors provide a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that: (1) relate to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Sufficiency of audit evidence over certain capitated contracts with provisions for reconciliations, risk corridors or profit rebates

As discussed in Note 5 to the consolidated financial statements the Company reported service revenue, net of $2,504.4 million $2,751.2 million for the year ended December 31, 2022 December 31, 2023, which included revenue from certain capitated contracts with provisions for reconciliations, risk corridors or profit rebates. The Company records revenue for certain capitated contracts with provisions for reconciliations, risk corridors or profit rebates based on capitated payments received during the month of service and these payments are reconciled based on actual cost and/or trip volume which may result in additional receivables from or payables to the payors. As of December 31, 2022 December 31, 2023, the Company recorded reconciliation and risk corridor contract receivables of $71.6 million $144.0 million and total contract payables of $194.3 million $117.5 million which included contract payables related to contracts with provisions for reconciliations, risk corridors or profit rebates.

We identified the evaluation of the sufficiency of audit evidence over certain capitated contracts with provisions for reconciliations, risk corridors, or profit rebates as a critical audit matter. Challenging auditor judgment judgement was required in evaluating the sufficiency of audit evidence due to the large volume of data and complexity of the manually maintained information used in the revenue recognition process. Specialized skills and knowledge were needed to assess the Information Technology (IT) systems used to determine and record revenue, contract receivables and contract payables related to the aforementioned these capitated contracts.

The following are the primary procedures we performed to address this critical audit matter. We applied auditor judgment to determine the nature and extent of procedures to be performed over reconciliation, risk corridor and profit rebate contract revenue, contract receivables and contract payables. We evaluated the design and tested the operating effectiveness of certain internal controls over the revenue recognition process related to the aforementioned capitated contracts. We assessed recorded reconciliation, risk corridor and profit rebate contract revenue, contract receivables and contract payables for the aforementioned capitated contracts by comparing a selection of such revenue amounts to third party contracts and cash receipts and comparing a selection of reconciliation, risk corridor or profit rebate revenue, receivable and payable amounts to payor contracts and transportation cost data. Additionally, we compared a selection of reconciliation, risk corridor and profit rebate contract receivable and payable activity during the year to current year revenue activity and cash settlements. We involved IT professionals with specialized skills and knowledge, who assisted in testing certain general IT controls and certain application controls used to determine and record revenue, contract receivables and contract payables related to the aforementioned capitated contracts. We evaluated the sufficiency of audit evidence obtained by assessing the results of procedures performed.

Goodwill impairment assessment for certain reporting units

As discussed in Notes 2 and 10 9 to the consolidated financial statements, the Company reviews goodwill for impairment annually, and more frequently if events and circumstances indicate that the carrying value of a reporting unit might exceed its fair value. The Company estimates the fair value of each reporting unit using a blend of an income approach, utilizing a discounted cash flow method, and a market approach, utilizing the guideline public company method. During the year ended December 31, 2023, the Company recognized goodwill impairment charges of $183.1 million. As of December 31, 2022 December 31, 2023, the goodwill balance was $968.7 million $785.6 million.

We identified the evaluation of the goodwill impairment assessment for certain reporting units as a critical audit matter. There was a high degree of subjective auditor judgment required in assessing the Company's key assumptions used in the income approach to estimate fair value, specifically short-term short-term projected revenues revenue and the discount rate. Minor changes in these assumptions could have had a significant impact on the estimated fair value. Additionally, the audit effort associated with this estimate required specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the Company's goodwill impairment assessment process, including controls over the short-term short-term projected revenue and the discount rate assumptions. We evaluated the short-term short-term projected revenues by comparing them to the historical results of the respective reporting unit, and to external economic data, including publicly available information for guideline public companies. We involved valuation professionals with specialized skills and knowledge, who assisted in evaluating the discount rate by independently calculating the weighted average cost of capital.

/s/ KPMG LLP

We have served as the Company's auditor since 2008.

Denver, Colorado
March 6, 2023 February 23, 2024

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Mercury Parent, LLC

Opinion on the Financial Statements

We have audited the consolidated balance sheet of Mercury Parent, LLC and subsidiaries (the "Company") as of December 31, 2021, the related consolidated statements of operations, members' equity, and cash flows, for each of the two years in the period year ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021, and the results of its operations and its cash flows for each of the two years in the period year ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Deloitte & Touche LLP

Tempe, Arizona
February 25, 2022

We have served as the Company's auditor since 2017.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
ModivCare Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited ModivCare Inc. and subsidiaries' (the Company) internal control over financial reporting as of December 31, 2022 December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, because of the effect of the material weaknesses, described below, on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2022 December 31, 2023, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of December 31, 2022 December 31, 2023 and 2021, 2022, the related consolidated statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2022 December 31, 2023, and the related notes and financial statement schedule II (collectively, the consolidated financial statements), and our report dated March 6, 2023 February 23, 2024 expressed an unqualified opinion on those consolidated financial statements.

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 of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The material weaknesses described below have been identified and included in management's assessment:

The Company did not, with respect to its PCS segment, complete before year-end (i) conduct an effective risk assessment to identify assess and assess confirm the effectiveness and implementation of the changes identified in its internal control environment specifically related to new recently deployed information technology ("IT" ("IT") systems and newly acquired companies, revision of the PCS revenue and payroll processes or (ii) structure effective reporting lines, appropriate authorities, or responsibilities, or (iii) establish the establishment of all mechanisms expected to be used to enforce accountability in the pursuit of objectives to establish and operate effective internal control over financial reporting.

As a consequence:

- The Company did not establish effective general information technology controls ("GITCs" ("GITCs"), specifically change management controls and logical access controls, that support the consistent operation of certain all of the Company's IT systems. Therefore, systems, resulting in automated process-level controls and manual controls dependent upon information derived from those IT systems are also to be ineffective because they could have been adversely impacted, impacted; and

- The Company did not design, implement, and effectively operate process-level control activities related to its i) revenue processes (including service revenue and accounts receivable) and payroll processes (including payroll expenses recorded within service expense and general and administrative expense) within the Personal Care segment and ii) payroll processes (including payroll expenses recorded within service expense and general and administrative expense) within the NEMT and Corporate segments. PCS segment.

The material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2022 2023 consolidated financial statements, and this report does not affect our report on those consolidated financial statements.

Basis for Opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company’s 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 for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Denver, Colorado
March 6, 2023 February 23, 2024

ModivCare Inc.
Consolidated Balance Sheets
(in thousands except share and per share data)

		December 31, 2022	December 31, 2021		December 31, 2023	2022
Assets	**Assets**			**Assets**		
Current assets:	Current assets:			Current assets:		
Cash and cash equivalents	Cash and cash equivalents	$ 14,451	$ 133,139			
Accounts receivable, net of allowance of $2,078 and $2,296, respectively		294,341	233,121			
Accounts receivable, net of allowance of $969 and $2,078, respectively						
Contract receivables						
Other receivables	Other receivables	2,506	4,740			
Prepaid expenses and other current assets	Prepaid expenses and other current assets	34,332	38,551			
Restricted cash	Restricted cash	524	283			

Total current assets	Total current assets	346,154	409,834	
Property and equipment, net	Property and equipment, net	69,138	53,549	
Goodwill	Goodwill	968,654	924,787	
Payor network, net	Payor network, net	391,980	425,516	
Other intangible assets, net	Other intangible assets, net	47,429	64,697	
Equity investment	Equity investment	41,303	83,069	
Operating lease right-of-use assets	Operating lease right-of-use assets	39,405	43,750	
Other assets	Other assets	40,209	22,223	
Total assets	Total assets	$1,944,272	$2,027,425	
Liabilities and stockholders' equity	**Liabilities and stockholders' equity**			**Liabilities and stockholders' equity**
Current liabilities:	Current liabilities:			Current liabilities:
Accounts payable	Accounts payable	$ 54,959	$ 8,690	
Accrued contract payables	Accrued contract payables	194,287	281,586	
Accrued transportation costs	Accrued transportation costs	96,851	103,294	
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	135,860	123,791	
Current portion of operating lease liabilities	Current portion of operating lease liabilities	9,640	9,873	
Short-term borrowings				
Total current liabilities	Total current liabilities	491,597	527,234	
Long-term debt, net of deferred financing costs of $20,639 and $24,775, respectively		979,361	975,225	
Long-term debt, net of deferred financing costs of $16,243 and $24,775, respectively				
Deferred tax liabilities	Deferred tax liabilities	57,236	94,611	
Operating lease liabilities, less current portion	Operating lease liabilities, less current portion	32,088	34,524	

Operating lease liabilities, less current portion				
Operating lease liabilities, less current portion				
Other long-term liabilities	Other long-term liabilities	29,434	22,564	
Total liabilities	Total liabilities	1,589,716	1,654,158	
Commitments and contingencies (Note 19)				
Commitments and contingencies (Note 17)				Commitments and contingencies (Note 17)
Stockholders' equity	**Stockholders' equity**			**Stockholders' equity**
Common stock: Authorized 40,000,000 shares; $0.001 par value; 19,729,923 and 19,589,422, respectively, issued and outstanding (including treasury shares)		20	20	
Common stock: Authorized 40,000,000 shares; $0.001 par value; 19,775,041 and 19,729,923, respectively, issued and outstanding (including treasury shares)				
Additional paid-in capital	Additional paid-in capital	444,255	430,449	
Retained earnings		180,023	211,829	
Treasury shares, at cost, 5,573,529 and 5,568,983 shares, respectively		(269,742)	(269,031)	
Retained earnings (accumulated deficit)				
Treasury shares, at cost, 5,571,004 and 5,573,529 shares, respectively				
Total stockholders' equity	Total stockholders' equity	354,556	373,267	
Total liabilities and stockholders' equity	Total liabilities and stockholders' equity	$1,944,272	$2,027,425	

See accompanying notes to the consolidated financial statements statements.

ModivCare Inc.
Consolidated Statements of Operations
(in thousands except share and per share data)

		Year ended December 31,			Year ended December 31,		
		2022	2021	2020	2023	2022	2021
Service revenue, net	Service revenue, net	$ 2,504,393	$ 1,996,892	$ 1,368,675			
Service revenue, net							
Service revenue, net							
Grant income (Note 2)	Grant income (Note 2)	7,351	5,441	—			
Operating expenses:							
Operating expenses:							
Operating expenses:	Operating expenses:						
Service expense	Service expense	2,032,074	1,584,298	1,078,795			
General and administrative expense	General and administrative expense	322,171	271,674	141,655			
Depreciation and amortization	Depreciation and amortization	100,415	56,998	26,183			
Impairment of goodwill							
Total operating expenses	Total operating expenses	2,454,660	1,912,970	1,246,633			
Operating income		57,084	89,363	122,042			
Operating income (loss)							
Operating income (loss)							
Operating income (loss)							
Interest expense, net	Interest expense, net	61,961	49,081	17,599			
Interest expense, net							
Interest expense, net							
Income (loss) before income taxes and equity method investment							
Income tax benefit (provision)							
Equity in net income (loss) of investee, net of tax							
Net loss							
Income (loss) before income taxes and equity method investment		(4,877)	40,282	104,443			
Provision (benefit) for income taxes		(3,035)	8,617	22,018			
Equity in net (income) loss of investee, net of tax		29,964	38,250	(6,411)			
Net income (loss)		$ (31,806)	$ (6,585)	$ 88,836			

Net income (loss) available to common stockholders (Note 16)		$	(31,806)	$	(6,585)	$	32,471
Earnings (loss) per common share:							
Loss per common share:							
Loss per common share:							
Loss per common share:							
Basic	Basic	$	(2.26)	$	(0.47)	$	2.39
Diluted	Diluted	$	(2.26)	$	(0.47)	$	2.37
Weighted-average number of common shares outstanding:	Weighted-average number of common shares outstanding:						
Weighted-average number of common shares outstanding:							
Weighted-average number of common shares outstanding:							
Basic	Basic		14,061,839		14,054,060		13,567,323
Diluted	Diluted		14,061,839		14,054,060		13,683,308

See accompanying notes to the consolidated financial statements statements.

ModivCare Inc.
Consolidated Statements of Cash Flows
(in thousands)

		Year ended December 31,			Year ended December 31,		
		2022	2021	2020	2023	2022	2021
Operating activities	**Operating activities**						
Operating activities							
Net income (loss)		$(31,806)	$ (6,585)	$ 88,836			
Adjustments to reconcile net income to net cash provided by operating activities:							
Net loss							
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:							
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:							
Depreciation	Depreciation	20,055	12,747	9,488			
Amortization	Amortization	80,360	44,251	16,694			
Stock-based compensation	Stock-based compensation	6,872	5,904	3,930			
Deferred income taxes	Deferred income taxes	(36,663)	(17,691)	11,919			
Impairment of goodwill							
Amortization of deferred financing costs and debt discount	Amortization of deferred financing costs and debt discount	5,125	2,730	921			
Equity in net (income) loss of investee		40,916	53,092	(8,860)			
Other assets							

Equity in net loss (income) of investee					
Reduction of right-of-use assets	Reduction of right-of-use assets	11,640	11,330	9,238	
Changes in operating assets and liabilities, net of effects of acquisitions:	Changes in operating assets and liabilities, net of effects of acquisitions:				Changes in operating assets and liabilities, net of effects of acquisitions:
Accounts receivable and other receivables	Accounts receivable and other receivables	(55,781)	(13,749)	52,355	
Contract receivables					
Prepaid expenses and other assets	Prepaid expenses and other assets	(11,571)	(7,587)	(12,609)	
Income tax refunds on sale of business		—	—	(10,273)	
Accrued contract payables	Accrued contract payables	(87,299)	107,698	158,182	
Accounts payable and accrued expenses	Accounts payable and accrued expenses	57,249	(16,795)	35,208	
Accrued transportation costs	Accrued transportation costs	(6,443)	23,620	(7,389)	
Other long-term liabilities		(3,096)	(12,125)	795	
Other changes in operating assets and liabilities					
Net cash provided by (used in) operating activities	Net cash provided by (used in) operating activities	(10,442)	186,840	348,435	
Investing activities	**Investing activities**				**Investing activities**
Purchase of property and equipment	Purchase of property and equipment	(33,004)	(21,316)	(12,150)	
Acquisitions, net of cash acquired	Acquisitions, net of cash acquired	(78,809)	(664,309)	(622,862)	
Net cash used in investing activities	Net cash used in investing activities	(111,813)	(685,625)	(635,012)	
Financing activities	**Financing activities**				**Financing activities**
Proceeds from debt		114,000	625,000	737,000	
Repayment of debt		(114,000)	(125,000)	(237,000)	
Net proceeds from short-term borrowings					

Proceeds from long-term debt				
Repurchase of common stock, for treasury	Repurchase of common stock, for treasury	—	(39,994)	(10,186)
Payment of debt issuance costs	Payment of debt issuance costs	(2,415)	(13,486)	(15,633)
Proceeds from common stock issued pursuant to stock option exercise	Proceeds from common stock issued pursuant to stock option exercise	6,789	3,227	25,413
Restricted stock surrendered for employee tax payment	Restricted stock surrendered for employee tax payment	(792)	(896)	(267)
Preferred stock redemption payment		—	—	(88,771)
Preferred stock dividends		—	—	(1,987)
Other financing activities	Other financing activities	226	—	(309)
Net cash provided by financing activities	Net cash provided by financing activities	3,808	448,851	408,260
Net change in cash, cash equivalents and restricted cash	Net change in cash, cash equivalents and restricted cash	(118,447)	(49,934)	121,683
Cash, cash equivalents and restricted cash at beginning of year	Cash, cash equivalents and restricted cash at beginning of year	133,422	183,356	61,673
Cash, cash equivalents and restricted cash at end of year	Cash, cash equivalents and restricted cash at end of year	$ 14,975	$ 133,422	$ 183,356

See accompanying notes to the consolidated financial statements statements.

ModivCare Inc.
Supplemental Cash Flow Information
(in thousands)

		Year ended December 31,			Year ended December 31,		
	2023				2023	2022	2021
Supplemental cash flow information	**Supplemental cash flow information**	**2022**	**2021**	**2020**			
Cash paid for interest							
Cash paid for interest							
Cash paid for interest	Cash paid for interest	$ 59,392	$ 32,178	$ 2,192			
Cash paid for income taxes	Cash paid for income taxes	$ 15,660	$ 13,021	$ 21,766			

Assets acquired under operating leases	$ 7,295	$ 24,152	$ 19,992
Acquisitions:			
Purchase price	$ 79,200	$ 678,655	$ 644,044
Less:			
Cash acquired	(391)	(14,346)	(21,182)
Acquisitions, net of cash acquired	$ 78,809	$ 664,309	$ 622,862

Acquisitions:
Less:

See accompanying notes to the consolidated financial statements statements.

ModivCare Inc.
Consolidated Statements of Stockholders' Equity
(in thousands except share data)

Common Stock
Common Stock
Common Stock

Shares **Amount** **Paid-In Capital** **(Accumulated Deficit)** **Shares** **Amount** **Total**

	Common Stock		Additional	Retained	Treasury Stock		
	Shares	Amount	Paid-In Capital	Earnings	Shares	Amount	Total
Balance at December 31, 2019	18,073,763	$ 18	$ 351,529	$ 183,733	5,088,782	$ (217,688)	$ 317,592
Net income	—	—	—	88,836	—	—	88,836
Stock-based compensation	—	—	3,776	—	—	—	3,776
Exercise of employee stock options	372,478	1	25,413	—	—	—	25,414
Restricted stock issued	108,907	—	—	—	—	—	—
Restricted stock surrendered for employee tax payment	—	—	—	—	2,824	(267)	(267)
Shares issued for bonus settlement and director stipends	7,044	—	154	—	—	—	154
Stock repurchase plan	—	—	—	—	195,677	(10,186)	(10,186)
Conversion of convertible preferred stock to common stock	82,839	—	3,191	(5,995)	—	—	(2,804)
Conversion of convertible preferred stock pursuant to Conversion Agreement	925,567	1	37,255	(46,172)	—	—	(8,916)
Convertible preferred stock dividends	—	—	—	(1,988)	—	—	(1,988)
Balance at December 31, 2020	19,570,598	20	421,318	218,414	5,287,283	(228,141)	411,611
Net loss	—	—	—	(6,585)	—	—	(6,585)
Stock-based compensation	—	—	5,663	—	—	—	5,663
Exercise of employee stock options	51,798	—	3,227	—	—	—	3,227
Restricted stock forfeited	(34,472)	—	—	—	—	—	—

Restricted stock surrendered for employee tax payment	Restricted stock surrendered for employee tax payment	—	—	—	—	5,432	(896)	(896)
Shares issued for bonus settlement and director stipends	Shares issued for bonus settlement and director stipends	1,498	—	241	—	—	—	241
Stock repurchase plan	Stock repurchase plan	—	—	—	—	276,268	(39,994)	(39,994)
Balance at December 31, 2021	Balance at December 31, 2021	19,589,422	20	430,449	211,829	5,568,983	(269,031)	373,267
Net loss	Net loss	—	—	—	(31,806)	—	—	(31,806)
Stock-based compensation	Stock-based compensation	—	—	6,491	—	—	—	6,491
Exercise of employee stock options	Exercise of employee stock options	109,731	—	6,789	—	—	—	6,789
Restricted stock issued	Restricted stock issued	27,251	—	—	—	—	—	—
Restricted stock surrendered for employee tax payment	Restricted stock surrendered for employee tax payment	—	—	—	—	7,486	(792)	(792)
Shares issued for bonus settlement and director stipends	Shares issued for bonus settlement and director stipends	3,519	—	340	—	—	—	340
Shares issued for ESPP	Shares issued for ESPP	—	—	186	—	(2,940)	81	267
Balance at December 31, 2022	Balance at December 31, 2022	19,729,923	$ 20	$ 444,255	$ 180,023	5,573,529	$ (269,742)	$ 354,556
Net loss								
Stock-based compensation								
Exercise of employee stock options								
Restricted stock issued								
Restricted stock surrendered for employee tax payment								
Shares issued for bonus settlement and director stipends								
Shares issued for ESPP								
Balance at December 31, 2023								

See accompanying notes to the consolidated financial statements statements.

ModivCare Inc.
Notes to the Consolidated Financial Statements
December 31, 2022 2023

1. Organization and Basis of Presentation

Description of Business

ModivCare Inc. ("ModivCare" or the "Company") is a technology-enabled healthcare services company that provides a suite of integrated supportive care solutions for public and private payors and their members. Its value-based solutions address the social determinants of health or SDoH, connect ("SDoH") by connecting members to essential care help services. By doing so, ModivCare helps health plans manage risks, reduce costs, and improve health outcomes. ModivCare is a provider of non-emergency medical transportation or NEMT, ("NEMT"), personal care services ("PCS"), and remote patient monitoring or RPM, solutions ("RPM"), which serve similar, highly vulnerable patient populations. The technology-enabled operating model in its NEMT segment includes NEMT the coordination of non-emergency medical transportation services supported by an infrastructure of core competencies in risk underwriting, contact center management, network credentialing claims management and non-emergency medical transportation claims management. Additionally, its personal care services in its PCS segment include placements of non-medical personal care assistants, home health aides and nurses primarily to Medicaid patient populations in need of care monitoring and assistance performing daily living activities in the home setting. ModivCare's remote patient monitoring services solutions in its RPM segment include the monitoring of personal emergency response systems, vitals monitoring, medication management and data-driven patient engagement solutions. ModivCare is further expanding its offerings to include meal delivery and working with communities to provide meals to food-insecure individuals.

ModivCare also holds a 43.6% minority interest in CCHN Group Holdings, Inc. and its subsidiaries, which operates operate under the Matrix Medical Network brand ("Matrix"). Matrix, which is included in our Corporate and Other segment, maintains a national network of community-based clinicians who deliver in-home and on-site services, and a fleet of mobile health clinics that provide community-based care with advanced diagnostic capabilities and enhanced care options. services.

Basis of Presentation

The Company follows accounting standards established by the Financial Accounting Standards Board ("FASB"). The FASB establishes accounting principles generally accepted in the United States ("GAAP"). Rules and interpretive releases of the Securities and Exchange Commission ("SEC") under the authority of federal securities laws are also sources of authoritative GAAP for SEC registrants. References to GAAP issued by the FASB in these notes are to the FASB *Accounting Standards Codification* ("ASC"), which serves as the single source of authoritative accounting and applicable reporting standards to be applied for non-governmental entities. All amounts are presented in U.S. dollars unless otherwise noted.

The Company accounts for its investment in Matrix using the equity method, as the Company does not control the decision-making process or business management practices of Matrix. While the Company has access to certain information and performs certain procedures to review the reasonableness of information, the Company relies on the management of Matrix to provide accurate financial information prepared in accordance with GAAP. The Company receives audit reports relating to such financial information from Matrix's independent auditors on an annual basis. The Company is not aware of any errors in or possible misstatements of the financial information provided by Matrix that would have a material effect on the Company's consolidated financial statements. See Note 7, 6, *Equity Investment*, for further information.

Reclassifications: Certain prior year amounts have been reclassified to conform to current year presentation.

Liquidity

As of the issuance date of these consolidated financial statements, the Company expects its cash and cash equivalents of $2.2 million and accounts receivable, contract receivables, and other receivables of $375.1 million as of December 31, 2023, along with and cash flows from operations and amounts currently available under the New Credit Facility will be sufficient to fund its operating expenses and expenditure requirements for the next twelve months. This assessment is based on assumptions, and operating projections, including projected cash generated by operations, may change as a result of many factors currently unknown or unknowable to the Company. The Company does not currently have sufficient available cash flows to repay our Senior Notes due 2025 in full when due. Accordingly, the Company expects to be required to raise additional capital to repay or refinance this debt prior to its maturity date on November 15, 2025.

Impact of the COVID-19 Pandemic

Since March 2020, On May 11, 2023, the Department of Health and Human Services ("HHS") declared the end of the public health emergency ("PHE") for the COVID-19 pandemic. While the Company has continued to experience increased trip volume, service hours, and patient visits each year following the pandemic, and structural changes in the measures enacted by state and government officials to prevent, prepare for, and respond to COVID-19 or slow its spread have had an ongoing adverse impact on industry as a result of the Company's business, pandemic,

as well as its patients, communities, and employees. With ongoing uncertainties around constraints on the duration and magnitude of the pandemic, the ultimate impact labor market, specifically related to the business remains uncertain. Accordingly, the COVID-19 pandemic strain on healthcare professionals, could continue to have an adverse impact on the Company's financial statements with potential for (i) labor shortages or other disruptions that impact our ability to provide services, (ii) decreased member comfort leaving the house to obtain transportation for non-emergency medical purposes, and (iii) supply chain challenges that may cause an increase in the costs of providing our services; among other things. Despite ongoing uncertainties, the statements. The Company continues to actively monitor the pandemic structural changes to the industry and any future the impact it may these have on our business and results of operations with emphasis on protecting the health and safety of its employees, maximizing the availability of its services and products to support the SDoH, and supporting the operational and financial stability of its business.

Federal, state, and local authorities have taken several actions designed to assist healthcare providers in providing care to COVID-19 and other patients and to mitigate the adverse economic impact of the COVID-19 pandemic. Legislative actions taken by the federal government include the CARES Act and the American Rescue Plan Act of 2021 ("ARPA"). Through the CARES Act, the federal government has authorized payments to be distributed to healthcare providers through the Public Health and Social Services Emergency Fund ("Provider Relief Fund" or "PRF"). The Government further initiated Through ARPA which established the Coronavirus State and Local Fiscal Recovery Fund ("SLFRF") was established to send relief payments to state and local governments impacted by the pandemic to assist with responding to the public health emergency (“PHE”) PHE including the economic hardships that continue to impact communities and to respond to workers performing essential work during the COVID-19 PHE, including providers. These funds are not subject to repayment, repayment; provided we are able to attest to and comply with any terms and conditions of such funding, as applicable. See discussion of grant income at Note 2, *Significant Accounting Policies and Recent Accounting Pronouncements*.

2. Significant Accounting Policies and Recent Accounting Pronouncements

Principles of Consolidation

The accompanying consolidated financial statements include ModivCare Inc., its wholly-owned subsidiaries, and entities it controls, or in which it has a variable interest and is the primary beneficiary of expected cash profits or losses. The Company records its investments in entities that it does not control, but over which it has the ability to exercise significant influence, using the equity method. The Company has eliminated significant intercompany transactions and accounts.

Accounting Estimates

The Company uses estimates and assumptions in the preparation of the consolidated financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the Company’s consolidated financial statements. These estimates and assumptions also affect the reported amount of net income or loss during any period. The Company’s actual financial results could differ significantly from these estimates. The significant estimates underlying the Company’s consolidated financial statements include revenue recognition; accrued transportation costs; income taxes; recoverability of current and long-lived assets, including equity method investments; intangible assets and goodwill; loss contingencies; accounting for business combinations, including amounts assigned to definite and indefinite lived intangibles and contingent consideration; and loss reserves for reinsurance and self-funded insurance programs.

Changes in Accounting Estimate

In accordance with its policy, the Company reviews the estimated useful lives of its fixed assets and intangible assets on an ongoing basis. As a result of this review, the Company adjusted the estimated useful life of the OEP AM, Inc. (together with its subsidiaries doing business as "Simplura Health Group", or Simplura) trademarks and trade names intangible asset from 10 years to 3 years and adjusted the estimated useful life of the payor network from 15 years to 10 years effective as of January 1, 2022. This change was driven by strategic shifts in the Company's Personal Care segment operations, partially contributed to by the acquisition of Care Finders Total Care, LLC ("Care Finders"). Based on the intangible asset values as of December 31, 2021, the effect of the change in estimate during the year ended December 31, 2022 was an increase in amortization expense of $14.3 million, a decrease in net income of $10.3 million, and a decrease in earnings per share of $0.73 per diluted common share outstanding.

Fair Value Measurements

The Company follows FASB ASC Topic 820, *Fair Value Measurement* (“ASC 820”) which establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy categorizes assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs employed in the measurement. The three levels are defined as follows:

– Level 1: Quoted Prices in Active Markets for Identical Assets – inputs to the valuation methodology are quoted prices (unadjusted) in active markets as of the measurement date for identical assets or liabilities in active markets. liabilities.

– Level 2: Significant Other Observable Inputs – inputs to the valuation methodology include are based upon quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

– Level 3: Significant Unobservable Inputs – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

A financial instrument’s categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The Company’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. As of December 31, 2022 December 31, 2023

and 2021, 2022, the carrying amount for cash and cash equivalents, accounts receivable (net of allowance for credit losses), current assets and current liabilities was equal to or approximated fair value due to their short-term nature or proximity to current market rates. Fair values for our publicly traded debt securities are based on quoted market prices, when available. See Note 12, 11, *Debt*, for the fair value of our long-term debt.

Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with an initial maturity of three months or less. Investments in cash equivalents are carried at cost, which approximates fair value. The Company places its temporary cash investments with high credit quality financial institutions. At times, such investments may be in excess of the federally insured limits.

Restricted Cash

Restricted cash primarily relates to amounts held in trusts for reinsurance claims losses under the Company's insurance operation for historical workers' compensation, general and professional liability and auto liability reinsurance programs, as well as amounts restricted for withdrawal under our self-insured medical and benefits plans.

Accounts Receivable and Allowance for Doubtful Accounts

The Company records accounts receivable amounts at the contractual amount, less contractual revenue adjustments based on amounts expected to be due from payors and less an allowance for doubtful accounts. The Company maintains an allowance for doubtful accounts at an amount it estimates to be sufficient to cover the risk that an account will not be collected due to credit risk. In order to establish the amount of the allowance related to the credit risk of accounts receivable, the Company considers information related to receivables that are past due, past loss experience, current and forecasted economic conditions, and other relevant factors. In circumstances where the Company is aware of a customer's inability to meet its financial obligation, the Company records a specific allowance for doubtful accounts to reduce its net recognized receivable to an amount the Company reasonably expects to collect. As the Company primarily contracts with Medicaid and Medicare governmental payors, the Company is not subject to significant credit risk in the collection of accounts receivable.

The Company's bad debt expense for the years ended December 31, 2022 December 31, 2023, 2022 and 2021 was $4.0 million, $2.7 million and 2020 was $2.7 million, $1.7 million and $0.6 million, respectively.

Business Combinations

The Company accounts for acquisitions in accordance with ASC Topic 805, *Business Combinations*. The acquisition method of accounting requires the Company to make significant estimates and assumptions as of the date of the acquisition related to the determination of the fair values (primarily Level 3) of the acquired tangible and intangible assets acquired and liabilities assumed, and related to the determination of estimated lives of the depreciable assets acquired. The Company recognizes goodwill at the amount by which the purchase price exceeds the fair value of identified assets acquired and liabilities assumed. See Note 3, *Acquisitions*, for further discussion of the Company's acquisitions.

Property and Equipment

Property and equipment are stated at historical cost, net of accumulated depreciation, or at fair value if the assets were initially recorded as the result of a business combination or if the asset was remeasured due to an impairment. Depreciation is calculated using the straight-line method over the estimated useful life of the asset to the Company. Maintenance and repairs are expensed as incurred. Gains and losses resulting from the disposition of an asset are reflected in results of operations.

Internal-use Software

The Company develops and implements software for internal use to enhance the performance and capabilities of the technology infrastructure. The costs incurred for the development of the internal-use software are capitalized when they meet the internal-use software capitalization criteria outlined in ASC 350-40. The capitalized costs are amortized using the straight-line method over the estimated useful life of the software, ranging from 3 to 10 years.

In addition to acquired software, the Company capitalizes costs associated with cloud computing arrangements ("CCA") that are service contracts. The CCA includes services which are used to support certain internal corporate functions as well as technology associated with revenue-generating activities. The capitalized costs are amortized using the straight-line method over the term of the related CCA. As of December 31, 2022 December 31, 2023 and 2021, 2022, capitalized costs associated with CCA, net of accumulated amortization were $14.6 million and $11.9 million, respectively. The value of $2.2 million accumulated amortization as of December 31, 2023 and $0.6 million, were $11.9 million 2022 was $5.2 million and $4.1 million, $2.2 million, respectively. Amortization expense during the years ended December 31, 2022 December 31, 2023, 2022, and 2021, totaled $2.9 million, $1.7 million and $0.5 million, respectively. Amortization expense during the year ended December 31, 2020 was immaterial.

Recoverability of Goodwill

In accordance with ASC 350, *Intangibles-Goodwill and Other*, the Company reviews goodwill for impairment annually, and more frequently if events and circumstances indicate that an asset may be impaired. Such circumstances could include, but are not limited to: (1) the loss or modification of significant contracts, (2) a significant adverse change in legal factors or in business climate, (3) unanticipated competition, (4) an adverse action or assessment by a regulator, or (5) a significant decline in the Company's stock price. We perform our In connection with the 2023 annual assessment of goodwill, impairment test as the Company changed the date of its annual assessment from October 1 to July 1.

First, we perform When evaluating goodwill for impairment, the Company first performs qualitative assessments for each reporting unit to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. value. If the qualitative assessment suggests that it is more likely than not that the fair value of a reporting unit is less than its carrying value, amount, then we perform the Company performs a quantitative assessment and compare compares the fair value of the reporting unit to its carrying value and to the extent the carrying value is greater than the fair value, the difference is recorded as an impairment in the consolidated statements of operations.

The Company performed a quantitative test comparing the carrying value of the Company's reporting units with their respective fair value. The fair value of the Company's reporting units is estimated using either an income approach, a market valuation approach, or a blended approach. The income approach produces an estimated fair value of a reporting unit based on the present value of the cash flows the Company expects the reporting unit to generate in the future. Estimates included in the discounted cash flow model are primarily Level 3 inputs and include the discount rate, which the Company determines based on adjusting an industry-wide weighted-average cost of capital for size, geography, risk free rates, and company specific risk factors, long-term rates of growth and profitability of the Company's business, working capital effects and planned capital expenditures. The market approach produces an estimated fair value of a reporting unit based on a comparison of the reporting unit to comparable publicly traded entities in similar lines of business. The Company's significant estimates in the market approach include the selected similar companies with comparable business factors such as size, growth, profitability, risk and return on investment and the multiples the Company applies to earnings before interest, taxes, depreciation and amortization ("EBITDA") to estimate the fair value of the reporting unit.

As a result of the Company's annual goodwill assessment, the Company recorded a $183.1 million impairment of goodwill within its PCS and RPM reporting units. The Company determined that based on its qualitative assessment for each reporting unit, factors existed which required the Company to test its goodwill and indefinite-lived intangible assets for impairment. These factors included a decline in the market price of the Company's common stock, industry specific regulatory pressures such as Medicaid redetermination and the Centers for Medicare and Medicaid Services ("CMS") proposed ruling on *Ensuring Access to Medicaid Services*, and general economic and market volatility. As a result, the Company performed a quantitative assessment using a blend of both the income approach and the market approach to estimate the fair value of the reporting units and determined that the goodwill at its PCS and RPM reporting units was impaired. See Note 9, *Goodwill and Intangible Assets*, for additional details.

Recoverability of Intangible Assets Subject to Amortization and Other Long-Lived Assets

Intangible assets subject to amortization and other long-lived assets are carried at cost and are amortized or depreciated on a straight-line basis over their estimated useful lives of 2 to 15 years. In accordance with ASC 360, *Property, Plant, and Equipment*, the Company reviews the carrying value of long-lived assets or groups of assets to be used in operations whenever events or changes in circumstances indicate that the carrying amount of the assets may be impaired. Factors that may necessitate an impairment assessment include, among others, significant adverse changes in the extent or manner in which an asset or group of assets is used, significant adverse changes in legal factors or the business climate that could affect the value of an asset or group of assets or significant declines in the observable market value of an asset or group of assets. The presence or occurrence of those events indicates that an asset or group of assets may be impaired. In those cases, the Company assesses the recoverability of an asset or group of assets by determining whether the carrying value of the asset or group of assets exceeds the sum of the projected undiscounted cash flows expected to result from the use and eventual disposition of the assets over the remaining economic life of the asset or the primary asset in the group of assets. If such testing indicates the carrying value of the asset or group of assets is not recoverable, the Company estimates the fair value of the asset or group of assets using appropriate valuation methodologies, which would typically include an estimate of discounted cash flows. If the fair value of

those assets or groups of assets is less than carrying value, the Company records an impairment loss equal to the excess of the carrying value over the estimated fair value.

Accrued Transportation Costs

The Company generally contracts with third-party providers to provide transportation services to customers. The cost of transportation is recorded in the month the services are rendered based upon contractual rates and mileage estimates. Once a trip is completed, the third-party transportation providers will furnish invoices for actual mileage incurred. Any trips that have not been invoiced as of the reporting period require an accrual based upon the expected cost of the trips as well as an estimated number of cancellations, as the Company is generally only obligated to pay the transportation provider for completed trips. These estimates are based upon the historical trend associated with each contract's population and the transportation provider network servicing the program. There may be differences between actual invoiced amounts and estimated costs, and any resulting adjustments are included in expense. Accrued transportation costs were $97.2 million and $96.9 million at December 31, 2023 and $103.3 million at December 31, 2022 and 2021, 2022, respectively.

Deferred Financing Costs and Debt Discounts

The Company capitalizes costs incurred in connection with its credit facilities and other borrowings, referred to as deferred financing costs, and amortizes such costs over the life of the respective credit facility or other borrowings. Costs associated with the revolving facility are capitalized as deferred financing costs and included in "Prepaid expenses and other current assets" on the consolidated balance sheets. Costs associated with term loans are capitalized and included as a reduction to the debt balance on the consolidated balance sheets. Deferred financing costs for the revolving loan, net of amortization, totaled $3.1 million $2.6 million and $1.4 $3.1 million as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively. Debt discounts for the $500.0 million Senior Unsecured Notes due 2025 of $8.9 million $6.0 million and $11.6 million $8.9 million are netted against the carrying outstanding balance of the long-term debt on the consolidated balance sheets as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively. Debt discounts for the $500.0 million Senior Unsecured Notes due 2029 of $11.7 $10.3 million and $13.1 million $11.7 million are netted against the carrying outstanding balance of the long-term debt on the consolidated balance sheets as of December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

Revenue Recognition

Under ASC 606, the Company recognizes revenue as it transfers promised services directly to its customers and generates all of its revenue from contracts with customers. The at the amount of revenue recognized that reflects the consideration to which the Company expects to be entitled in exchange for providing these services. The Company satisfies substantially all of its Company's performance obligations over time are driven by its different segments of business and recognizes revenue over time instead primarily consist of at points in time integrated service offerings to provide non-emergency medical transportation, personal care services, or remote monitoring services directly to its customers. The Company receives payment for providing these services from third-party payors that include federal, state, and applies the "as-invoiced" practical expedient which aligns the pattern of transfer of promised services with the value received by the customer for the performance completed to date. local governmental agencies, managed care organizations, and private consumers. In the NEMT segment, the Company's performance obligation is to stand ready to perform transportation-related activities, including the management, fulfillment, and recordkeeping activities associated with such services. In the Personal Care PCS segment, the Company's performance obligation is to deliver patient care services in accordance with the nature and frequency of services and hours worked per outlined in each contract. In the RPM segment, the Company's performance obligation is to stand ready to perform monitoring services in the form of personal emergency response system (PERS) monitoring, vitals monitoring, and medication management, other monitoring services, as contractually agreed upon. The Company satisfies substantially all of its performance obligations over time and recognizes revenue over time instead of at points in time which aligns the pattern of transfer of promised services with the value received by the customer for the performance completed to date.

The Company holds different contract types under its different segments of business. In the NEMT segment, there are both capitated contracts, under which payors pay a fixed amount monthly per eligible member and revenue is recognized over each distinct service period, and fee-for-service ("FFS") contracts, under which the Company bills and collects a specified amount for each service that is provided. Personal Care provided and revenue is recognized using the right to invoice practical expedient. In the PCS segment, contracts are also FFS and service revenue is reported at the estimated net realizable amount from clients, patients and third-party payors for services rendered. RPM service rendered and revenue consists of revenue from monitoring services provided is recognized using the right to the customer. invoice practical expedient. Under RPM contracts, payors pay per-enrolled-member-per-month, based on enrolled membership. membership, and revenue is recognized ratably over the contract term. For each contract type, the

Company determines the transaction price based on the gross charges for services provided, reduced by estimates for contractual adjustments due to settlements of audits and payment reviews from third-party payors. The Company determines the estimated revenue adjustments at each segment based on our its historical experience with various third-party payors and previous results from the claims and adjudication process. At the Personal Care The PCS segment the Company uses the portfolio approach to determine the estimated revenue adjustments. See further information in Note 5, *Revenue Recognition*.

Government Grants

The Company has received government grants primarily under the CARES Act PRF and the ARPA SLFRF to provide economic relief and stimulus to combat health and economic impacts of the COVID-19 pandemic. Under these acts, During the third quarter of 2023, the Company also filed amended payroll tax returns for 2020 and 2021 to claim refunds for Employee Retention Credits ("ERC"). ERC is a U.S. federal tax credit introduced to support businesses and organizations during the COVID-19 pandemic that was initially established under the CARES Act in 2020 and was later expanded and extended by subsequent legislation, including the Consolidated Appropriations Act of 2021 and the American Rescue Plan Act of 2021. The Company received distributions from government grants of approximately $16.3 million $21.8 million and $5.4 million $16.3 million during the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively, of which $7.4 million $5.0 million and $5.4 million $7.4 million were recognized as grant income "Grant income" during the years ended December 31, 2022 December 31, 2023 and 2021, 2022, respectively, with the remaining balance recorded in accrued "Accrued expenses and other current liabilities." Distributions received under these acts are targeted to assist with incremental health care related expenses or lost revenue attributable to the COVID-19 pandemic as well as provide stimulus to support long-term growth and recovery.

The payments from these acts are subject to certain restrictions and possible recoupment if not used for designated purposes. As a condition to receiving PRF distributions, providers must agree to certain terms and conditions, including, among other things, that the funds are being used for healthcare related expenses and lost revenues attributable to COVID-19, as defined by the U.S. Department of Health and Human Services ("HHS"). HHS. All recipients of PRF payments are required to comply with the reporting requirements described in the terms and conditions and as determined by HHS. The Company has submitted the required documents to meet reporting requirements through for the applicable reporting period three, which ended September 30, 2022. periods. The Company received an audit inquiry letter from HHS related to one of the business units that received PRF payments, to which the Company has responded and submitted all requested information and believes that the payments received are substantiated and within the terms and conditions defined by HHS and continues to include these amounts as grant income. At this time, the Company is unaware of any other pending or upcoming audits or inquiries related to PRF received. amounts received under PRF.

As a condition to receiving SLFRF, providers must agree to use the funds to respond to the PHE or its negative economic impacts, to respond to workers performing essential work by providing premium pay to eligible workers and to offset reduction in revenue due to the COVID-19 PHE as stipulated by the states in which the funds were received. All recipients of SLFRF payments are required to comply with the reporting requirements that the state in which the funds originated has requested in order for the states to meet the requirements as described in the terms and conditions as determined by the Department of the Treasury. The Company has complied with all known reporting requirements to date.

The Company recognizes distributions from government grants as grant income "Grant income" or accrued "Accrued expenses and other current liabilities liabilities" in line with the loss of revenues or expenses for which the grants are intended to compensate when there is reasonable assurance that it has complied with the conditions associated with the grant.

CARES Act Payroll Deferral

The CARES Act also provides for certain federal income and other tax changes, including the deferral of the employer portion of Social Security payroll taxes. During 2022, the Company paid all of its deferred payroll taxes under the CARES Act of $12.3 million and there were no deferred employer payroll taxes as of December 31, 2022. As of December 31, 2021, the Company had deferred payment of approximately $12.3 million related to the deferral of employer payroll taxes, which is recorded in "Accrued expenses and other current liabilities" on our consolidated balance sheets.

Stock-Based Compensation

The Company follows the fair value recognition provisions of ASC Topic 718 – *Compensation – Stock Compensation* (“ASC 718”), which requires companies to measure and recognize compensation expense for all share-based payments at fair value.

- The Company calculates the fair value of stock options using the Black-Scholes option-pricing formula. The fair value of restricted stock awards or units is determined based on the closing market price of the Company’s Common Stock on the date of grant. Forfeitures are recorded as they occur. The expense for stock-based compensation awards is amortized on a straight-line basis over the requisite service period, which is typically the vesting period.
- The Company records restricted stock units (“RSUs”) that may be settled by the holder in cash, rather than shares, as a liability and remeasures these liabilities at fair value at the end of each reporting period. Forfeitures are recorded as they occur. Upon settlement of these awards, the cumulative compensation expense recorded over the vesting period of the awards will equal the settlement amount, which is based on the Company’s stock price on the settlement date.
- The Company issues performance-based RSUs ("PRSUs") that vest upon achievement of pre-established company specific performance conditions and a service period. The fair value of the performance-based RSU awards PRSUs is determined based on the closing market price of the Company’s Common Stock on the grant date and an assessment of the probability the performance targets will be achieved. Forfeitures are recorded as they occur. The expense for such awards is recognized over the requisite service period.

Income Taxes

Deferred income taxes are determined by the asset and liability method in accordance with ASC Topic 740 - *Income Taxes*. Under this method, deferred tax assets and liabilities are determined based on differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and are measured using the enacted tax rates and laws that are expected to be in effect when the differences are expected to reverse. The Company considers many factors when assessing the likelihood of future realization of deferred tax assets, including recent earnings experience by jurisdiction, expectations of future taxable income, and the carryforward periods available for tax reporting purposes, as well as other relevant factors. The Company establishes a valuation allowance to reduce deferred tax assets to the amount that is more likely than not to be realized. The net amount of deferred tax liabilities and assets, net of the valuation allowance, is presented as non-current in the Company's consolidated balance sheets.

Due to inherent complexities arising from the nature of the Company’s businesses, future changes in income tax law or variances between the Company’s actual and anticipated operating results, the Company makes certain judgments and estimates. Therefore, actual income taxes could materially vary from these estimates.

The Company has recorded a valuation allowance which includes amounts for certain carryforwards and deferred tax assets, as more fully described in Note 18, 16, *Income Taxes,* for which the Company has concluded that it is more likely than not that these carryforwards and deferred tax assets will not be realized in the ordinary course of operations.

The Company recognizes interest and penalties related to income taxes as a component of income tax expense.

The Company accounts for uncertain tax positions based on a two-step process of evaluating recognition and measurement criteria. The first step assesses whether the tax position is more likely than not to be sustained upon examination by the tax authority, including resolution of any appeals or litigation, based on the technical merits of the position. If the tax position meets the more likely than not criteria, the portion of the tax benefit greater than 50.0% likely to be realized upon settlement with the tax authority is recognized in the consolidated financial statements.

On March 27, 2020, the CARES Act was enacted and on August 16, 2022 the Inflation Reduction Act of 2022 ("IRA") was enacted. See Note 18, 16, *Income Taxes*, for a discussion of the impact on the Company from these acts. this act.

Loss Reserves for Certain Reinsurance Programs

The Company historically reinsured a substantial portion of its automobile, general and professional liability and workers’ compensation costs under certain reinsurance programs. The Company utilizes a report prepared by an independent actuary to estimate the gross expected losses related to these reinsurance policies, including the estimated losses in excess of insured limits, which would be reimbursed to the Company to the extent such losses were incurred. As of December 31, 2022 December 31, 2023 and 2021, 2022, the Company had reserves of $16.0 million $20.2 million and $8.3 million $16.0 million, respectively, for the automobile, general and professional liability and workers’ compensation reinsurance policies. The gross reserve as of December 31, 2022 December 31, 2023 and 2021 2022 of $37.1 million $45.7 million and $22.3 million $37.1 million, respectively, is classified as current liabilities and other long-term liabilities in the consolidated balance sheets. The estimated amount to be reimbursed to the Company as of December 31, 2022 December 31, 2023 and 2021 2022 was $21.1 million $25.5 million and $14.0 million $21.1 million, respectively, and is classified as other long-term assets in the consolidated balance sheets.

The Company regularly analyzes its reserves for incurred but not reported claims, and for reported but not paid claims related to its reinsurance and self-funded insurance programs. The Company believes its reserves are adequate. However, judgment is involved in assessing these reserves, such as in assessing historical paid claims, average lag times between the claims’ incurred date, reported dates and paid dates, and the frequency and severity of claims. There may be differences between actual settlement amounts and recorded reserves and any resulting adjustments are included in expense once a probable amount is known.

Self-Funded Insurance Programs

The Company also maintains a self-funded health insurance program with a stop-loss umbrella policy with a third-party insurer to limit the maximum potential liability for individual claims generally to $0.3 million per person, subject to an aggregating stop-loss limit of $0.4 million. In addition, the program has a total stop-loss limit for total claims, in order to limit the Company's exposure to catastrophic claims. With respect to this program, the Company considers historical and projected medical utilization data when estimating its health insurance program liability and related expense. As of December 31, 2022 December 31, 2023 and 2021, 2022, the Company had $2.1 million $1.8 million and $1.9 $2.1 million, respectively, in reserves for its self-funded health insurance programs. The reserves are classified as “accrued “Accrued expenses and other current liabilities” in the consolidated balance sheets.

Earnings (Loss) Per Share

The Company computes basic earnings (loss) per share by taking net income (loss) attributable to the Company available to common stockholders divided by the weighted average number of common shares outstanding during the period, including restricted stock and stock held in escrow if such shares are participating securities. Diluted earnings (loss) per share includes the potential dilution that may occur from stock-based awards and other stock-based commitments using the treasury stock or the as-if converted methods, as applicable. For additional information on how the Company computes earnings (loss) per share, see Note 16, 14, *Earnings (Loss) Per Share*.

Recent Accounting Pronouncements

The Company adopted the following Recent accounting pronouncements during that the year ended December 31, 2022:

In March 2020, the FASB issued ASU 2020-04, *Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ("ASU 2020-04") which provides optional expedients and exceptions for applying GAAP to contract modifications, hedging relationships, and other transactions that reference the London Interbank Offered Rate ("LIBOR") or another reference rate expected to be discontinued due to reference rate reform. The relief granted in ASC 848, Reference Rate Reform ("ASC 848"), is applicable only to legacy contracts if the amendments made to the agreements are solely for reference rate reform activities. The provisions of ASC 848 must be applied for all transactions other than derivatives, which may be applied at a hedging relationship level. Entities may apply the provisions as of the beginning of the reporting period when the election is made (i.e. as early as the first quarter 2020). The provisions of this update were extended to December 31, 2024 under ASU 2022-06, *Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848.* There was no material impact to the financial statements from the adoption of this ASU.

In October 2021, the FASB issued ASU 2021-08, *Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers* ("ASU 2021-08"). The new guidance requires contract assets and contract liabilities acquired in a business combination to be recognized and measured by the acquirer on the acquisition date in accordance with ASC 606, *Revenue from Contracts with Customers*, as if it had originated the contracts. Under the current business combinations guidance, such assets and liabilities are recognized by the acquirer at fair value on the acquisition date. ASU 2021-08 is effective for public business entities for fiscal years beginning on or after November 1, 2023, including interim periods therein. The standard will not impact acquired contract assets or liabilities from business combinations occurring prior to the effective date of adoption, and the impact in future periods will depend on the contract assets and contract liabilities acquired in future business combinations. The Company has elected yet to early adopt this accounting standard and there was no material impact to the financial statements from the adoption of this ASU.are as follows:

In November 2021, 2023, the FASB issued ASU 2021-10, 2023-07, *Government Assistance Segment Reporting (Topic 832) 280): Improvements to Reportable Segment Disclosures by Business Entities about Government Assistance* ("ASU 2021-10" 2023-07"). This update requires improves reportable segment disclosure requirements, primarily through enhanced disclosure about significant segment expenses. The enhancements under this update require disclosure of significant segment expenses that are regularly provided to the Chief Operating Decision Maker ("CODM") and included within each reported measure of segment profit or loss, require disclosure of *other segment items* by reportable segment and a description of the composition of *other segment items*, require annual disclosures about transactions under ASC 280 to be provided in interim periods, clarify use of more than one measure of segment profit or loss by the CODM, require that the title of the CODM be disclosed with an explanation of how the CODM uses the reported measures of segment profit or loss to make decisions, and require that entities with a government that are accounted for single reportable segment provide all disclosures required by applying a grant or contribution accounting model by analogy. These disclosures include information about the nature of the transactions this update and the related accounting policy used to account for the transactions, the line items on the balance sheet and income statement that are affected by the transactions, the amounts applicable to each financial line item, and the significant terms and conditions of the transactions, including commitments and contingencies. required under ASC 280. ASU 2021-10 2023-07 is effective for public business entities for fiscal years beginning after December 15, 2021 December 15, 2023, with early adoption permitted. The Company adopted this accounting standard on January 1, 2022

In December 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures* ("ASU 2023-09"). This update enhances the transparency and will apply it decision usefulness of income tax disclosures including updates to any government assistance received thereafter. the disclosures related to the rate reconciliation and income taxes paid. These updates improve transparency by requiring consistent categories and greater disaggregation of information in the rate reconciliation and requiring income taxes paid to be disaggregated by jurisdiction. ASU 2023-09 is effective for public business entities for fiscal years beginning after December 15, 2024, with early adoption permitted.

3. Acquisitions

Business Combinations

Simplura Health Group

On November 18, 2020 the Company acquired OEP AM, Inc. (together with its subsidiaries doing business as "Simplura Health Group"). OEP AM, Inc. was a nonpublic entity that specializes in home care services offering placements of personal care assistants, home health aides, and skilled nurses for senior citizens, disabled adults and other high-needs patients. Simplura Health Group operates from its headquarters in Valley Stream, New York, with 57 agency branches across seven states, including in several of the nation's largest home care markets. The acquisition of Simplura adds a strategic pillar in our mission to address the SDoH by introducing a business in non-medical personal care—a large, rapidly growing sector of healthcare that compliments the NEMT segment.

The stock transaction was accounted for in accordance with ASC 805, *Business Combinations* where a wholly-owned subsidiary of ModivCare Inc. acquired 100.0% of the voting stock of OEP AM Inc. for $548.6 million (a purchase price of $569.8 million less $21.2 million of cash that was acquired).

The following table summarizes information from the allocation of the consideration transferred to acquired identifiable assets and assumed liabilities, net of cash acquired, as of the acquisition date of November 18, 2020 (in thousands):

Cash	$	21,182
Accounts receivable (1)		65,297
Prepaid expenses and other (2)		10,975
Property and equipment (3)		1,640
Intangible assets (4)		264,770
Operating right of use asset (5)		10,285
Goodwill (6)		320,383
Other assets (7)		628
Accounts payable and accrued liabilities (7)		(46,073)
Accrued expense (7)		(2,564)
Deferred revenue (7)		(2,871)
Deferred acquisition payments (8)		(4,046)
Deferred acquisition note payable (7)		(1,050)
Operating lease liabilities (5)		(10,285)
Deferred tax liabilities (9)		(58,452)
Total of assets acquired less liabilities assumed	$	569,819

(1) Management has valued accounts receivable based on the estimated future collectability of the receivables portfolio. Through this valuation, it was determined that $4.6 million of the initial accounts receivable was uncollectible, and therefore, the initial balance of $69.9 million was decreased to $65.3 million.

(2) Given the short-term nature of the balance of prepaid expenses, the carrying value represents the fair value.

(3) The acquired property and equipment consists primarily of leasehold improvements, furniture and fixtures, and vehicles. The fair value of the property and equipment was determined based upon the best and highest use of the property with final values determined using cost and comparable sales methods.

(4) The allocation of consideration exchanged to intangible assets acquired is as follows (in thousands):

	Type	Useful Life		Value
Payor network	Amortizable	10 years	$	221,000
Trademarks and trade names	Amortizable	3 years		43,000
Licenses	Not Amortizable	Indefinite		770
			$	264,770

The Company valued trademarks and trade names utilizing the relief of royalty method and payor network utilizing the multi-period excess earnings method, a form of the income approach. The useful life of the trademarks and trade names intangible was decreased from 10 years to 3 years and the useful life of the the payor network was decreased from 15 years to 10 years effective as of January 1, 2022 due to strategic shifts in the Company's Personal Care segment operations, partially contributed to by the acquisition of Care Finders, as discussed in Note 2, *Significant Accounting Policies and Recent Accounting Pronouncements.* This is a prospective change to amortization expense. The weighted average useful life of the acquired intangible assets is approximately 8.9 years.

(5) The fair value of the operating lease liability and corresponding right-of-use asset (current and long-term) were recorded at $11.7 million based on market rates available to the Company during our preliminary purchase price allocation. This assessment has since been updated through the implementation of ASC 842 as of September 30, 2021, and the related balances have been updated to $10.3 million.

(6) The acquisition preliminarily resulted in $309.7 million of goodwill as a result of expected synergies due to value-based care and solutions being provided to similar patient populations that partner with many of the same payor groups. In the second quarter of 2021, a closing cash adjustment of $3.5 million was paid to OEP AM, in the third quarter of 2021, other assets acquired were adjusted down by $3.9 million and in the fourth quarter of 2021, accounts receivable was adjusted down by $4.6 million due to certain receivables deemed uncollectible which caused a corresponding increase to goodwill of $3.3 million, net of tax impacts. These changes increased the goodwill related to this transaction to $320.4 million. None of the acquired goodwill is deductible for tax purposes.

(7) Accounts payable and certain other current and non-current assets and liabilities are stated at fair value as of the acquisition date.

(8) Deferred acquisition payments are associated with historical acquisitions by Simplura.

(9) Net deferred tax liabilities represent the expected future tax consequences of temporary differences between the fair values of the assets acquired and liabilities assumed and their tax basis.

Care Finders Total Care, LLC

On September 14, 2021, the Company acquired Care Finders which is a personal care provider in the Northeast, with operations in New Jersey, Pennsylvania, and Connecticut. The acquisition of Care Finders broadens access to in-home personal care solutions for patients and supports the Company's strategy to expand its personal care platform.

The equity transaction was accounted for in accordance with ASC 805, *Business Combinations* in which a wholly-owned subsidiary of ModivCare Inc. acquired 100.0% of the equity securities of Care Finders for $333.4 million (a purchase price of $344.8 million less $11.4 million of cash that was acquired).

The following table summarizes information from the allocation of the consideration transferred to acquired identifiable assets and assumed liabilities net of cash acquired, as of the acquisition date of September 14, 2021 (in thousands):

Cash	$	11,424
Accounts receivable(1)		14,708
Prepaid expenses and other(2)		2,625
Property and equipment(3)		2,527
Inventories(4)		231
Operating right of use asset(5)		1,939
Intangibles(6)		100,750
Goodwill(7)		232,103
Other assets(8)		226
Accounts payable(9)		(2,720)
Accrued expenses and other accrued liabilities(9)		(14,344)
Operating lease liability(5)		(1,939)
Deferred tax liabilities(10)		(2,327)
Other liabilities(9)		(378)
Total of assets acquired less liabilities assumed	$	344,825

(1) Management has valued accounts receivable based on the estimated future collectability of the receivables portfolio.
(2) Given the short-term nature of the balance of prepaid expenses, the carrying value represents the fair value.
(3) The acquired property and equipment consists primarily of capitalized software, computer equipment, and automobiles. The fair value of the property and equipment was determined based upon the best and highest use of the property with final values determined using cost and comparable sales methods.
(4) Given the short-term nature of the balance of inventories, the carrying value represents the fair value.
(5) The fair value of the operating lease liability and corresponding right-of-use asset (current and long-term) was recorded at $1.9 million based on market rates available to the Company.
(6) The allocation of consideration exchanged to intangible assets acquired is as follows (in thousands) thousands, except useful lives):

	Type	Useful Life		Value
Payor network	Amortizable	7 years	$	97,200
Trade name	Amortizable	3 years		1,950
Non-compete agreement	Amortizable	5 years		1,600
			$	100,750

The Company valued the payor network utilizing the multi-period excess earnings method, trade names utilizing the relief-from-royalty method and non-compete agreements agreement utilizing the with/without method. The weighted average useful life of the acquired intangible assets is approximately 6.9 years.

(7) The acquisition initially resulted in $232.2 million of goodwill as a result of expected synergies due to future customers driven by expansion into different markets, an increase in market share, and a growing demographic that will need home care solutions. In the third quarter of 2022, goodwill decreased by $0.1 million as a result of changes to accounts payable and deferred tax liabilities, as discussed in detail below. All of the acquired goodwill is deductible for tax purposes.
(8) Included in other assets are security deposits with a value of $0.2 million.
(9) Due to the short-term nature of the accounts, the carrying value is assumed to represent the fair value for accounts payable as well as certain other current liabilities as of the acquisition date. The carrying value for non-current liabilities is also assumed to represent the fair value as of the acquisition date. In the third quarter of 2022, it was determined that an additional $0.2 million of accounts payable existed as of the acquisition date, and therefore, the initial balance of $2.5 million was increased to $2.7 million.
(10) Net deferred tax liabilities represent the expected future tax consequences of temporary differences between the fair values of the assets acquired and liabilities assumed and their tax basis. In the third quarter of 2022, deferred tax liabilities of $2.6 million decreased by $0.3 million due to tax impacts of the acquisition.

VRI Intermediate Holdings, LLC

On September 22, 2021, the Company acquired VRI, a provider of remote patient monitoring solutions that manages a comprehensive suite of services including personal emergency response systems, vitals monitoring and data-driven patient engagement solutions. The acquisition of VRI accelerates the Company's strategy to build a holistic suite of supportive care solutions that address SDoH, introduces new technology-enabled in-home solutions that deepen the Company's engagement with payors and patients, and adds a new suite of services and operating team to advance the Company's broader technology and data strategy.

The stock transaction was accounted for in accordance with ASC 805, *Business Combinations* in which a wholly-owned subsidiary of ModivCare Inc. acquired 100.0% of the equity securities of VRI for $314.6 million (a purchase price of $317.5 million less $2.9 million of cash that was acquired).

The following table summarizes the allocation of the consideration transferred to acquired identifiable assets and assumed liabilities net of cash acquired, as of the acquisition date of September 22, 2021 (in thousands):

Cash	$	2,922
Accounts receivable(1)		6,800
Inventory(2)		1,684
Prepaid expenses and other(3)		805
Property and equipment(4)		14,908
Intangible assets(5)		75,590
Goodwill(6)		236,317
Accounts payable and accrued liabilities(7)		(1,884)
Accrued expense(7)		(2,487)
Deferred revenue(7)		(67)
Deferred tax liabilities(8)		(17,070)
Total of assets acquired less liabilities assumed	$	317,518

(1) Management has valued accounts receivable based on the estimated future collectability of the receivables portfolio.
(2) Given the short-term nature of the balance of inventories, the carrying value represents the fair value.
(3) Given the short-term nature of the balance of prepaid expenses, the carrying value represents the fair value.
(4) The acquired property and equipment consists primarily of personal emergency response system devices, with the remainder consisting of computer equipment, buildings and other equipment. The Company valued the personal emergency response system devices, computer equipment and other equipment utilizing the cost approach at $12.7 million. $12.7

million. The carrying value of the remainder of the property plant and equipment, consisting primarily of buildings and land, is assumed to represent the fair value.
(5) The allocation of consideration exchanged to intangible assets acquired is as follows (in thousands) thousands, except useful lives):

	Type	Useful Life		Value
Payor network	Amortizable	7 years	$	72,150
Trade name	Amortizable	3 years		890
Developed technology	Amortizable	3 years		2,550
			$	75,590

The Company valued payor network utilizing the multi-period excess earnings method, trade names utilizing the relief-from-royalty method and developed technology utilizing the cost approach. The weighted average useful life of the acquired intangible assets is approximately 6.8 years.

(6) The acquisition initially resulted in $236.7 million of goodwill as a result of expected synergies due to future customers driven by expansion into different markets and an increase in market share. In the third quarter of 2022, goodwill decreased by $0.4 million due to a decrease in deferred tax liabilities, as discussed in more detail below. The related goodwill is not deductible for tax purposes.
(7) Due to the short-term nature of the accounts, the carrying value is assumed to represent the fair value for accounts payable as well as certain other current liabilities as of the acquisition date. The carrying value for non-current liabilities is also assumed to represent the fair value as of the acquisition date.

(8) Net deferred tax liabilities represent the expected future tax consequences of temporary differences between the fair values of the assets acquired and liabilities assumed and their tax basis. In the third quarter of 2022, deferred tax liabilities of $17.5 million decreased by $0.4 million due to tax impacts of the acquisition.

Guardian Medical Monitoring

On May 11, 2022, the Company acquired Guardian Medical Monitoring ("GMM"), a provider of remote patient monitoring solutions that manages a comprehensive suite of services including personal emergency response systems and medication management. The acquisition of GMM supports the Company's strategy to expand its RPM segment and enhances the Company's suite of supportive care solutions that address SDoH.

The stock transaction was accounted for in accordance with ASC 805, *Business Combinations* in which a wholly-owned subsidiary of the Company acquired 100.0% of the equity securities of GMM for $71.2 million (a purchase price of $71.6 million less $0.4 million of cash that was acquired).

The following table summarizes the allocation of the consideration transferred to acquired identifiable assets and assumed liabilities net of cash acquired, as of the acquisition date of May 11, 2022 (in thousands):

Cash(1)	$	391
Accounts receivable(2)		2,355
Prepaid expenses and other(3)		771
Property and equipment(4)		2,639
Intangible assets(5)		21,950
Goodwill(6)		44,346
Accounts payable(7)		(281)
Accrued expenses and other current liabilities(7)		(577)
Total of assets acquired less liabilities assumed	$	71,594

(1) During 2022, the Company received an additional $0.1 million of cash related to net working capital adjustments, and therefore, the initial balance of $0.3 million was increased to $0.4 million.

(2) Management has valued accounts receivable based on the estimated future collectability of the receivables portfolio. During 2022, it was determined that $0.6 million of the initial accounts receivable balance was uncollectible, and therefore, the initial balance of $3.0 million was decreased to $2.4 million.

(3) Given the short-term nature of the balance of prepaid expenses and other assets, the carrying value represents the fair value.

(4) The acquired property and equipment consists primarily of personal emergency response system devices, with the remainder consisting of computer equipment and furniture and fixtures. The Company valued the personal emergency response system devices utilizing the cost approach. Through this valuation, it was determined that $0.1 million of acquired property and equipment did not exist, and therefore, the initial balance of $2.7 million was decreased to $2.6 million. The carrying value of the remainder of the property plant and equipment, consisting primarily of computer equipment and furniture and fixtures, is assumed to represent the fair value.

(5) The allocation of consideration exchanged to intangible assets acquired is as follows (in thousands) thousands, except useful lives):

	Type	Useful Life		Value
Payor network	Amortizable	7 years	$	21,600
Trade name	Amortizable	2 years		350
			$	21,950

The Company valued the payor network utilizing the multi-period excess earnings method and trade names utilizing the relief-from-royalty method. The weighted average useful life of the acquired intangible assets is approximately 6.9 years.

(6) The acquisition initially resulted in $43.7 million of goodwill as a result of expected synergies due to future customers driven by expansion into different markets and an increase in market share. During the measurement period, accounts receivable was adjusted down reduced by $0.6 million which caused a corresponding increase to goodwill. Also during the measurement period, cash increased by $0.1 million related to working capital adjustments, which caused a corresponding decrease to goodwill, and acquired property and equipment decreased by $0.1 million, which caused a corresponding increase to goodwill. The result of these adjustments was a total goodwill balance of $44.3 million. All of the acquired goodwill is deductible for tax purposes.

(7) Due to the short-term nature of the accounts, the carrying value is assumed to represent the fair value for accounts payable and accrued expenses and other current liabilities as of the acquisition date.

Since the date of the acquisition, GMM revenue of $11.9 million and net income of $1.8 million are included in the Company's consolidated results of operations.

Pro Forma Financial Information (unaudited)

Assuming Simplura had been acquired as of January 1, 2019, Care Finders, and VRI had been acquired as of January 1, 2020, and GMM had been acquired as of January 1, 2021, and the results of each had been included in operations beginning on the assumed acquisition date, the following table provides estimated unaudited pro forma results of operations for the years ended December 31, 2022, 2021, and 2020 2021 (in thousands, except earnings per share). The estimated pro forma net income adjusts for the effect of fair value adjustments related to each of the acquisitions, transaction costs and other non-recurring costs directly attributable to the transactions and the impact of the additional debt to finance the applicable acquisitions.

		Year Ended December 31,		
		2022	2021	2020
	December 31,		December 31,	
	2022		2022	2021
Pro forma:	Pro forma:			
Revenue				
Revenue				
Revenue	Revenue	$2,510,875	$2,200,339	$1,989,519
Net loss	Net loss	(32,770)	(21,547)	(21,255)

Diluted earnings (loss) per share	Diluted earnings (loss) per share	$	(2.33)	$	(1.53)	$	(1.57)

Estimated unaudited pro forma information is not necessarily indicative of the results that actually would have occurred had the acquisitions been completed on the date indicated or of future operating results. The supplemental pro forma earnings were adjusted to exclude the impact of historical interest expense for Care Finders and VRI of $3.7 million and $3.2 million, respectively, for 2021, and Simplura, Care Finders and VRI of $23.5 million, $4.8 million and $4.9 million, respectively, for 2020. 2021. No adjustment related to interest expense was required for the year ended December 31, 2022.

Acquisition-related costs of approximately $2.0 million for GMM, were expensed as incurred, recorded in selling, general and administrative expenses during the year ended December 31, 2022, and are reflected in the pro forma table above at the assumed acquisition date. Acquisition-related costs of approximately $6.6 million and $4.7 million for Care Finders and VRI, respectively, were expensed as incurred, recorded in selling, general and administrative expenses during the year ended December 31, 2021, and acquisition-related costs of approximately $10.5 million for Simplura were expensed as incurred, recorded in selling, general and administrative expenses during the year ended December 31, 2020, and are reflected in the pro forma table above at the assumed acquisition date. Acquisition-related costs consisted of professional fees for advisory, consulting and underwriting services as well as other incremental costs directly related to the acquisitions.

Asset Acquisitions

WellRyde

On May 6, 2021, the Company entered into an asset purchase agreement with nuVizz to purchase the software, WellRyde. Pursuant to the purchase agreement, the WellRyde software was acquired for total consideration of $12.0 million in cash, subject to certain adjustments.

The transaction was accounted for as an asset acquisition in accordance with ASC 805, *Business Combinations*. The Company incurred transaction costs for the acquisition of $0.5 million during the period ended December 31, 2021. These costs were capitalized as a component of the purchase price.

The consideration paid for the acquisition is as follows (in thousands):

	Value	
Consideration paid	$	12,000
Transaction costs		463
Net consideration	$	12,463

The fair value allocation of the net consideration is as follows (in thousands, except useful lives):

	Type	Useful Life	Value	
Transportation management software	Amortizable	10 years	$	12,328
Assembled workforce	Amortizable	10 years		135
			$	12,463

Other Asset Acquisition

On May 30, 2022, the Company entered into an asset purchase agreement with a private entity to purchase certain customer contracts within our Personal Care PCS segment. Pursuant to the purchase agreement, the contracts were acquired for total consideration of $7.6 million in cash, subject to certain adjustments.

The transaction was accounted for as an asset acquisition in accordance with ASC 805, *Business Combinations*. The fair value of the net consideration is as follows (in thousands, except useful lives):

	Type	Useful Life	Value	
Payor network	Amortizable	6 years	$	7,297
Assembled workforce	Amortizable	6 years		309
			$	7,606

4. Segments

The Company's reportable segments are identified based on a number of factors related to how its chief operating decision maker Chief Operating Decision Maker ("CODM") determines the allocation of resources and assesses the performance of the Company's operations. The CODM uses service revenue, net and operating income as the measures of gross revenue and profit or loss to assess segment performance and allocate resources, and uses total assets as the measure of assets attributable to each segment.

The Company's CODM manages operating income for the Company under four reportable segments. segments includes an allocated portion of corporate expenses to the respective segments and includes revenues and all other costs directly attributable to the specific segment.

The Company's reportable segments are strategic units that offer different services under different financial and operating models to the Company's customers. The segments are managed separately because each requires different technology and marketing strategies. Furthermore, The Company's CODM manages the different segments were each generally acquired as a unit, with the management of each at the time of acquisition retained to continue to operate their respective businesses.

The Company has determined each of the separate under four reportable segments based on the difference in services provided by each of the segments as provided in further detail below: segments.

- **NEMT** - The Company's NEMT segment is its legacy segment and operates primarily under the brands ModivCare Solutions and Circulation. The NEMT segment is the largest manager of non-emergency medical transportation programs for state governments and managed care organizations, or MCOs, in the U.S. This segment also holds the results of the Company's captive insurance program;

- **Personal Care PCS** - The Company's Personal Care PCS segment began operations provides in November 2020 with the acquisition of Simplura and expanded in September 2021 with the acquisition of Care Finders. The Personal Care segment operates under the brands Simplura and Care Finders and provides home personal care services to State and Managed Medicaid, Medicare, and Private Pay patient populations in need of care monitoring and assistance performing activities of daily living;

- **RPM** - The Company's RPM segment began operations in September 2021 with the acquisition of VRI and expanded in May 2022 with the acquisition of GMM. The RPM segment operates under the VRI brand and is a provider of provides remote patient monitoring solutions, including personal emergency response systems, vitals monitoring, medication management, and data-driven patient engagement solutions; and

- **Corporate and Other** - Effective January 1, 2022, the Company completed its segment reorganization which resulted in the addition of a Corporate and Other segment that includes the costs associated with the Company's corporate operations. operations as well as the results of an investment in innovation that the Company made at the end of the first quarter of 2023 related to our data analytics capabilities, which contributes to service revenue and service expense. The operating results of the Corporate and Other segment include activities related to executive, accounting, finance, internal audit, tax, legal, debt and the related interest expense, and certain strategic and corporate development functions for each segment, the results of this investment in innovation, as well as the results of the Company's Matrix investment. Prior to the segment reorganization, we the Company reported the investment in Matrix as a separate operating segment. Based on the relative size of the Matrix investment and all related activity to the overall financial statements, however, the CODM no longer views it as a separate operating

  segment but reviews results in conjunction with the other corporate results of the business. The Company reclassified certain costs associated with this reorganization for the years year ended December 31, 2021 and 2020, respectively, to conform to this presentation.

The Company evaluates performance and allocates resources based on the operating income of the reportable segments, which includes an allocation of corporate expenses directly attributable to the specific segment and includes revenues and all other costs directly attributable to the specific segment.

The following table sets forth certain financial information attributable to the Company's business segments for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021 (in thousands):

		Year Ended December 31, 2022					Year Ended December 31, 2023				
		NEMT	Personal Care	RPM	Corporate and Other	Total	NEMT	PCS	RPM	Corporate and Other	Total
Service revenue, net	Service revenue, net	$ 1,768,442	$ 667,674	$ 68,277	$ —	$ 2,504,393					
Grant income (1)	Grant income (1)	—	7,351	—	—	7,351					
Service expense	Service expense	1,487,447	520,065	24,562	—	2,032,074					
Service expense											
Service expense											
General and administrative expense	General and administrative expense	146,935	91,365	23,156	60,715	322,171					
Depreciation and amortization	Depreciation and amortization	28,709	51,025	19,854	827	100,415					
Impairment of goodwill											
Operating income (loss)	Operating income (loss)	$ 105,351	$ 12,570	$ 705	$ (61,542)	$ 57,084					

Equity in net (income) loss of investee, net of tax		$ (71)	$ —	$ —	$ 30,035	$ 29,964
Equity in net income (loss) of investee, net of tax						
Equity in net income (loss) of investee, net of tax						
Equity in net income (loss) of investee, net of tax						
Equity investment	Equity investment	$ 186	$ —	$ —	$ 41,117	$ 41,303
Goodwill	Goodwill	$ 135,186	$ 552,775	$ 280,663	$ 30	$ 968,654
Total assets	Total assets	$ 496,605	$ 950,181	$ 396,944	$ 100,542	$ 1,944,272

		Year Ended December 31, 2021					Year Ended December 31, 2022				
		NEMT	Personal Care	RPM	Corporate and Other	Total	NEMT	PCS	RPM	Corporate and Other	Total
Service revenue, net	Service revenue, net	$1,483,696	$ 495,579	$ 17,617	$ —	$1,996,892					
Grant income (1)	Grant income (1)	—	5,441	—	—	5,441					
Service expense	Service expense	1,186,185	392,508	5,605	—	1,584,298					
Service expense											
Service expense											
General and administrative expense	General and administrative expense	132,493	70,704	5,791	62,686	271,674					
Depreciation and amortization	Depreciation and amortization	29,058	23,759	4,181	—	56,998					
Operating income (loss)	Operating income (loss)	$ 135,960	$ 14,049	$ 2,040	$ (62,686)	$ 89,363					
Equity in net loss of investee, net of tax		$ —	$ —	$ —	$ 38,250	$ 38,250					
Equity in net income (loss) of investee, net of tax											
Equity in net income (loss) of investee, net of tax											
Equity in net income (loss) of investee, net of tax											
Equity investment	Equity investment	$ —	$ —	$ —	$ 83,069	$ 83,069					
Goodwill	Goodwill	$ 135,186	$ 552,833	$236,738	$ 30	$ 924,787					
Total assets	Total assets	$ 546,923	$1,020,014	$340,913	$ 119,575	$2,027,425					

		Year Ended December 31, 2020				Year Ended December 31, 2021				
		NEMT	Personal Care	Corporate and Other	Total	NEMT	PCS	RPM	Corporate and Other	Total
Service revenue, net	Service revenue, net	$1,314,705	$ 53,970	$ —	$1,368,675					
Grant income(1)										
Service expense										
Service expense										

Service expense	Service expense	1,036,288	42,507	—	1,078,795
General and administrative expense	General and administrative expense	78,078	7,328	56,249	141,655
Depreciation and amortization	Depreciation and amortization	24,516	1,667	—	26,183
Operating income (loss)	Operating income (loss)	$ 175,823	$ 2,468	$ (56,249)	$ 122,042
Equity in net income of investee, net of tax		$ —	$ —	$ (6,411)	$ (6,411)
Equity in net loss of investee, net of tax					
Equity in net loss of investee, net of tax					
Equity in net loss of investee, net of tax					
Equity investment	Equity investment	$ —	$ —	$ 137,466	$ 137,466
Goodwill	Goodwill	$ 135,186	$309,711	$ 30	$ 444,927
Total assets	Total assets	$ 466,872	$693,495	$ 265,546	$1,425,913

(1) Grant income for the Personal Care PCS segment includes funding received on a periodic basis from the PRF in relation to relief under the CARES Act and funding received from the SLFRF under ARPA in relation to economic recovery to combat health and economic impacts of the COVID-19 pandemic. See Note 2, *Significant Accounting Policies and Recent Accounting Pronouncements.*

5. Revenue Recognition

Under ASC 606, the Company recognizes revenue as it transfers promised services to its customers and generates all of its revenue from contracts with customers. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled in exchange for these services. The Company satisfies substantially all of its performance obligations over time and recognizes revenue over time instead of at points in time.

Revenue Contract Structure

NEMT Capitated Contracts (per-member-per-month)

Under capitated contracts, payors pay a fixed amount per eligible member per month. Capitation rates are generally based on expected costs and volume of services. We assume The Company assumes the responsibility of meeting the covered healthcare related transportation requirements based on per-member per-month fees for the number of eligible members in the payor’s program. Revenue is recognized based on the population served during the period. Certain capitated contracts have provisions for reconciliations, risk corridors or profit rebates. For contracts with reconciliation provisions, capitation payment is received as a prepayment during the month service is provided. These prepayments are reconciled based on actual cost and/or trip volume and may result in refunds to the payor, or additional payments due from the payor. Contracts with risk corridor or profit rebate provisions allow for profit within a certain corridor and once we reach the Company reaches profit level thresholds or maximums, we discontinue it discontinues recognizing revenue and instead record records a liability within the accrued contract payable account. This liability may be reduced through future increases in trip volume or periodic settlements with the payor. While a profit rebate provision could only result in a liability from this profit threshold, a risk corridor provision could potentially result in receivables a receivable if the Company does not reach certain profit minimums, which would be recorded in the reconciliation contract receivables account.

NEMT Fee-for-service Contracts

Fee-for-service ("FFS") revenue represents revenue earned under non-capitated contracts in which we bill the Company bills and collect collects a specified amount for each service that we provide. it provides. FFS revenue is recognized in the period in which the services are rendered and is reduced by the estimated impact of contractual allowances.

Personal Care PCS Fee-for-service Contracts

Personal Care PCS FFS revenue is reported at the estimated net realizable amount from clients, patients and third-party payors for services rendered based on actual personal care hours provided. Payment for services received from third-party payors includes, but is not limited to, insurance companies, hospitals, governmental agencies and other home health care providers who subcontract work to the Company. Certain contracts are subject to retroactive audit and possible adjustment by those payors based on the nature of the contract or costs incurred. The Company makes estimates of retroactive adjustments and considers these in the recognition of revenue in the period in which the related services are rendered. The difference between estimated settlement and actual settlement is reported in net service revenues as adjustments become known or as years are no longer subject to such audits, reviews, or investigations.

RPM per-member-per-month Contracts

RPM per-member-per-month ("PMPM") revenue consists of revenue from monitoring services provided to the customer. Under RPM contracts, payors pay per-enrolled-member-per-month based on enrolled membership. Consideration is generally fixed for each type of monitoring service and revenue is recognized ratably over the contracts do not typically contain variable components of consideration. As such, the RPM segment recognizes revenue contract term based on the monthly fee paid by customers.

Disaggregation of Revenue by Contract Type

The following table summarizes disaggregated revenue from contracts with customers by contract type for the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020 2021 (in thousands):

		Year Ended December 31,					
		2022	2021	2020			
	Year Ended December 31,				Year Ended December 31,		
	2023				2023	2022	2021
NEMT capitated contracts	NEMT capitated contracts	$1,553,407	$1,257,390	$1,132,929			
NEMT FFS contracts	NEMT FFS contracts	215,035	226,306	181,776			
Total NEMT service revenue, net	Total NEMT service revenue, net	1,768,442	1,483,696	1,314,705			
Personal Care FFS contracts		667,674	495,579	53,970			
PCS FFS contracts							
PCS FFS contracts							
PCS FFS contracts							
RPM PMPM contracts	RPM PMPM contracts	68,277	17,617	—			
Other service revenue							
Total service revenue, net	Total service revenue, net	$2,504,393	$1,996,892	$1,368,675			

Payor Information

Service revenue, net, is derived from state and managed Medicaid contracts, managed Medicare contracts, as well as a small amount from private pay and other contracts. Of the NEMT segment's revenue, 10.9% 11.2%, 9.7% 10.9% and 9.5% 9.7% were derived from one payor for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, respectively. Of the Personal Care PCS segment's revenue, 12.0% 11.3%, 11.7% 12.0% and 13.4% 11.7% were derived from one payor for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, respectively. Of the RPM segment's revenue, 18.5%, 19.9%, and 27.0% were derived from one payor for the years ended December 31, 2022 December 31, 2023, 2022 and 2021, respectively.

Revenue Adjustments

During the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020 2021 the Company recognized a reduction of $2.8 million, a reduction of $0.9 million, and an increase of $11.4 million, and a reduction of $2.1 million in service revenue, respectively, from contractual adjustments relating to performance obligations satisfied in previous periods to which the payor agreed.

Related Balance Sheet Accounts

The following table provides information about accounts receivable, net as of December 31, 2022 December 31, 2023 and 2021 2022 (in thousands):

	December 31, 2022	December 31, 2021
Accounts receivable	$ 225,288	$ 210,937
Reconciliation contract receivables (1)	71,131	24,480
Allowance for doubtful accounts	(2,078)	(2,296)
Accounts receivable, net	$ 294,341	$ 233,121

(1) Reconciliation contract receivables primarily represent underpayments and receivables on certain contracts with reconciliation and risk corridor provisions. See the contract payables and receivables activity below.

	December 31, 2023	December 31, 2022
Accounts receivable	$ 223,506	$ 225,288
Allowance for doubtful accounts	(969)	(2,078)
Accounts receivable, net	$ 222,537	$ 223,210

The following table provides information about other revenue related accounts included on the accompanying consolidated balance sheets (in thousands):

	December 31, 2022	December 31, 2021
Accrued contract payables (1)	$ 194,287	$ 281,586
Long-term contract receivables (2)	$ 427	$ —
Deferred revenue, current	$ 2,202	$ 2,714

	December 31, 2023	December 31, 2022
Accrued contract payables(1)	$ 117,488	$ 194,287
Contract receivables(2)	$ 143,960	$ 71,131
Long-term contract receivables(3)	$ —	$ 427
Deferred revenue, current	$ 2,629	$ 2,202

(1) Accrued contract payables primarily represent overpayments and liability reserves on certain risk corridor, profit rebate and reconciliation contracts.

See the contract payables and receivables activity below.

(2) Contract receivables primarily represent underpayments and receivables on certain risk corridor, profit rebate, and reconciliation contracts. See the contract payables and receivables activity below.

(3) Long-term contract receivables primarily represent future receivable balances on certain risk corridor, profit rebate and reconciliation contracts that may be received in greater than 12 months.

The following table provides the summary activity of total contract payables and receivables as reported within the consolidated balance sheets (in thousands):

		December 31, 2021	Additional Amounts Recorded	Amounts Paid or Settled	December 31, 2022				
		December 31, 2022				December 31, 2022	Additional Amounts Recorded	Amounts Paid or Settled	December 31, 2023
Reconciliation contract payables	Reconciliation contract payables	$ 22,035	$ 18,836	$ (15,018)	$ 25,853				
Profit rebate/corridor contract payables	Profit rebate/corridor contract payables	246,424	78,064	(169,327)	155,161				
Overpayments and other cash items	Overpayments and other cash items	13,127	9,469	(9,323)	13,273				
Total contract payables	Total contract payables	$ 281,586	$ 106,369	$ (193,668)	$ 194,287				

Reconciliation contract receivables	Reconciliation contract receivables	$ 24,403	$ 50,989	$ (27,239)	$ 48,153
Reconciliation contract receivables					
Reconciliation contract receivables					
Corridor contract receivables	Corridor contract receivables	77	23,328	—	23,405
Total contract receivables	Total contract receivables	$ 24,480	$ 74,317	$ (27,239)	$ 71,558

6. Cash, Cash Equivalents and Restricted Cash

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheets to the amounts shown in the consolidated statements of cash flows (in thousands):

	December 31, 2022	December 31, 2021
Cash and cash equivalents	$ 14,451	$ 133,139
Restricted cash, current	524	283
Cash, cash equivalents and restricted cash	$ 14,975	$ 133,422

Restricted cash primarily relates to amounts held in trusts for reinsurance claims losses under the Company's insurance operation for historical workers' compensation, general and professional liability and auto liability reinsurance programs, as well as amounts restricted for withdrawal under our self-insured medical and benefits plans.

7. Equity Investment

As of December 31, 2022 December 31, 2023 and 2021, 2022, the Company owned a 43.6% non-controlling interest in Matrix. Pursuant to a Shareholder's Agreement, affiliates of Frazier Healthcare Partners hold rights necessary to control the fundamental operations of Matrix. The Company accounts for this investment in Matrix under the equity method of accounting and the Company's share of Matrix's income or losses are recorded as "Equity in net (income) loss of investee" investee, net of tax" in the accompanying consolidated statements of operations. During the years ended December 31, 2022 and 2021, Matrix recorded asset impairment charges of $82.2 million and $111.4 million, respectively. Matrix recorded no asset impairment charges for the year ended December 31, 2020 December 31, 2023.

The Company's gross share of its Matrix's operations for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021 was a loss of $41.0 million $1.1 million, a loss of $41.0 million and $53.1 million and income of $8.9 million, respectively, which is presented net of tax on the consolidated statements of operations for a loss of $30.0 million $0.8 million, a loss of $30.0 million and $38.3 million and income of $6.4 million, respectively.

The carrying amount of the assets included in the Company's consolidated balance sheets and the maximum loss exposure related to the Company's interest in Matrix as of December 31, 2022 December 31, 2023 and 2021 2022 totaled $41.3 million $41.5 million and $83.1 million $41.3 million, respectively.

Summary financial information for Matrix on a standalone basis is as follows (in thousands):

		December 31, 2022	December 31, 2021	December 31, 2023	December 31, 2022
Current assets	Current assets	$ 97,750	$ 124,081		
Long-term assets	Long-term assets	$ 373,297	$ 482,063		
Current liabilities	Current liabilities	$ 36,913	$ 57,048		
Long-term liabilities	Long-term liabilities	$ 325,613	$ 340,448		

		Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020	Year ended December 31, 2023	Year ended December 31, 2022	Year ended December 31, 2021
Revenue	Revenue	$ 300,306	$ 398,260	$ 414,622			
Operating income (loss)	Operating income (loss)	$ (83,110)	$ 1,316	$ 39,412			
Net income (loss)		$ (98,187)	$ (122,898)	$ 15,137			
Net loss							

8. 7. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets were comprised of the following (in thousands):

		December 31, 2022	December 31, 2021	December 31, 2023	December 31, 2022
Prepaid income taxes		$ 7,186	$ 13,848		
Prepaid insurance	Prepaid insurance	6,334	9,487		
Deferred ERP implementation costs	Deferred ERP implementation costs	5,817	3,003		
Deferred financing costs on credit facility	Deferred financing costs on credit facility	3,061	1,480		
Inventory		2,041	1,458		
Prepaid income taxes					
Other prepaid expenses	Other prepaid expenses	9,893	9,275		
Total prepaid expenses and other current assets	Total prepaid expenses and other current assets	$ 34,332	$ 38,551		

9. 8. Property and Equipment

Property and equipment consisted of the following (in thousands, except useful lives):

		Estimated Useful Life (years)	December 31, 2022	December 31, 2021	Estimated Useful Life (years)	Estimated Useful	December 31, 2023	December 31, 2022
Software	Software	3 — 10	$51,409	$35,323				
Computer and telecommunications equipment		2 — 7	30,129	31,417				
Computer, office and telecommunications equipment								

Monitoring equipment	Monitoring equipment	3	22,132	12,950
Leasehold improvements	Leasehold improvements	Shorter of useful life or lease term	10,136	7,524
Construction and development in progress	Construction and development in progress	N/A	3,309	6,598
Automobiles				
Furniture and fixtures	Furniture and fixtures	3 — 10	4,391	3,906
Automobiles		5	4,245	3,998
Buildings	Buildings	30 — 40	1,886	1,886
Land	Land	N/A	292	292
Total property and equipment	Total property and equipment		127,929	103,894
Less accumulated depreciation	Less accumulated depreciation		(58,791)	(50,345)
Total property and equipment, net	Total property and equipment, net		$69,138	$53,549

Depreciation expense was $20.1 million $25.0 million, $12.7 million $20.1 million and $9.5 million $12.7 million for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, respectively.

10. 9. Goodwill and Intangibles Intangible Assets

The Company tests goodwill for impairment for its reporting units annually as of July 1 or more frequently when events or changes in circumstances indicate that impairment may have occurred. The Company reviews its intangible assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset group may not be recoverable.

Goodwill

Changes in key assumptions from the prior year annual goodwill assessment and the resulting reduction in projected future cash flows included in the current year goodwill test resulted in a decrease in the fair values of the Company's PCS and RPM reporting units such that the fair value of each respective reporting unit was less than its respective carrying value. As a result, during the second quarter of 2023, the Company recorded a non-cash goodwill impairment charge of $183.1 million, of which $137.3 million was recorded in the PCS reporting unit and $45.8 million in the RPM reporting unit. This goodwill impairment charge is recorded in “Impairment of goodwill” on the Company’s consolidated statement of operations for the year ended December 31, 2023. There was no such goodwill impairment charge in the year ended December 31, 2022 or 2021. The current year impairment was driven primarily by macroeconomic factors, including a decline in the market value of the Company's common stock. After recording the impairment charge, the associated reporting units have $650.3 million of goodwill remaining. If, among other factors, (i) the Company's equity values were to decline significantly, (ii) the Company experienced additional adverse impacts associated with macroeconomic factors, including increases in our estimated weighted average cost of capital, or (iii) the adverse impacts stemming from competition, economic, regulatory or other factors were to cause the Company's results of operations or cash flows to be worse than currently anticipated, the Company could conclude in future periods that additional impairment charges of certain reporting units are required in order to reduce the carrying values of goodwill. Any such impairment charges could be significant.

Changes in the carrying amount of goodwill by reportable segment are presented in the following table (in thousands):

	NEMT	Personal Care	RPM	Corporate and Other	Total
Balances at December 31, 2020					
	NEMT				

Balances at December 31, 2021 Goodwill Goodwill						
Goodwill	Goodwill	$ 231,186	$ 309,711	$ —	$ 30	$ 540
Accumulated impairment losses	Accumulated impairment losses	(96,000)	—	—	—	(96
		$ 135,186	$ 309,711	$ —	$ 30	$ 444
Balances at December 31, 2021						
Purchase accounting adjustments for Simplura		—	10,961	—	—	10
Goodwill acquired in Care Finders acquisition		—	232,161	—	—	232
Goodwill acquired in VRI acquisition		—	—	236,738	—	236
		135,186	552,833	236,738	30	924
$						
Balances at December 31, 2022	Balances at December 31, 2022					
Balances at December 31, 2022 Balances at December 31, 2022 Goodwill acquired in GMM acquisition Goodwill acquired in GMM acquisition						
Goodwill acquired in GMM acquisition	Goodwill acquired in GMM acquisition	—	—	43,689	—	43
Purchase accounting adjustments for Care Finders, VRI, and GMM	Purchase accounting adjustments for Care Finders, VRI, and GMM	—	(58)	236	—	
$						
		$ 135,186	$ 552,775	$ 280,663	$ 30	$ 968
Balances at December 31, 2023 Balances at December 31, 2023 Balances at December 31, 2023 Impairment of goodwill Impairment of goodwill Impairment of goodwill						
$						

The total amount of goodwill that was deductible for income tax purposes related to acquisitions as of December 31, 2022 December 31, 2023 and 2021 2022 was $312.6 million $317.3 million and $255.5 $312.6 million, respectively.

Impairment

The Company recorded goodwill impairment charges of $183.1 million for the year ended December 31, 2023 and did not record any goodwill or intangible asset impairment charges for the years ended December 31, 2022 or 2021. The accumulated impairment losses on goodwill totaled $279.1 million as of December 31, 2023 and $96.0 million as of December 31, 2022.

Intangible Assets

Intangible assets are comprised of acquired payor networks, trademarks and trade names, developed technology, non-compete agreements, licenses, and an assembled workforce. Intangible Finite-lived intangible assets are amortized using the straight-line method over the estimated economic lives of the assets. These finite-lived intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. Indefinite-lived intangible assets are not amortized, but are tested for impairment annually and more frequently if events occur or circumstances change that indicate an asset may be impaired. Based on the continued value of the definite-lived and indefinite-lived intangible assets acquired, the Company did not identify any circumstances during the years ended December 31, 2023 or 2022 that would require an impairment test for our intangible assets.

As of December 31, 2023 and 2022, intangible assets consisted of the following (in thousands, except estimated useful lives):

	December 31,				
		2023		2022	
Estimated Useful Life (Yrs)					
	Estimated Useful Life (Yrs)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization

			December 31,			
			2022		2021	
		Estimated Useful Life (Yrs)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Payor networks						
Payor networks						
Payor networks	Payor networks	3 - 15	$539,960	$ (147,980)	$511,064	$ (85,548)
Trademarks and trade names	Trademarks and trade names	2 - 10	48,541	(20,836)	48,191	(6,290)
Developed technology	Developed technology	3 - 10	28,978	(11,618)	28,978	(8,605)
Non-compete agreement	Non-compete agreement	2 - 5	1,610	(408)	1,610	(83)
New York LHCSA Permit	New York LHCSA Permit	Indefinite	770	—	770	—
Assembled workforce	Assembled workforce	6 - 10	444	(52)	135	(9)
Total	Total		$620,303	$ (180,894)	$590,748	$ (100,535)

The weighted-average amortization period at December 31, 2022 December 31, 2023 for intangibles was 7.7 years. No significant residual value is estimated for these intangible assets. Amortization expense was $80.4 million $79.2 million, $44.3 million $80.4 million and $16.7 million $44.3 million for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, respectively.

The total amortization expense is estimated to be as follows for the next five years as of December 31, 2022 December 31, 2023 (in thousands):

Year	Year	Amount	Year	Amount
	2023	$ 74,597		
2024	2024	73,907		
2025	2025	59,779		
2026	2026	51,308		
2027	2027	46,873		
2028				
Total	Total	$306,464		

Impairment

The Company did not record any goodwill or intangible asset impairment charges for the years ended December 31, 2022, 2021 and 2020. As of December 31, 2022, accumulated goodwill impairment losses totaled $96.0 million

11. 10. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities were comprised of the following (in thousands):

	December 31,	December 31,

		2022	2021	2023	2022
Accrued compensation and related liabilities	Accrued compensation and related liabilities	$ 47,947	$ 54,564		
Insurance reserves					
Accrued operating expenses	Accrued operating expenses	18,432	14,457		
Insurance reserves		17,836	10,152		
Accrued interest					
Accrued legal fees	Accrued legal fees	15,574	5,081		
Accrued interest		10,643	12,826		
Accrued government grants (1)	Accrued government grants (1)	7,367	1,514		
Union pension obligation	Union pension obligation	3,665	6,629		
Deferred revenue	Deferred revenue	2,202	2,714		
Deferred acquisition payments		50	3,578		
Other	Other	12,144	12,276		
Total accrued expenses and other current liabilities	Total accrued expenses and other current liabilities	$135,860	$123,791		

(1) Accrued government grants include payments received from government entities in relation to the PRF and SLFRF to offset lost revenue or increased expenditures for which the related expenditure has not yet been incurred and thus the related payments are deferred as of December 31, 2022 December 31, 2023 and 2021. 2022.

12. 11. Debt

Senior Unsecured Notes

Senior unsecured notes as of December 31, 2022 December 31, 2023 and 2021 2022 consisted of the following (in thousands):

			December 31,					
			December 31,				December 31,	
Senior Unsecured Note	Senior Unsecured Note	Date of Issuance	2022	2021	Senior Unsecured Note	Date of Issuance	2023	2022
$500.0 million 5.875% due November 15, 2025 (effective interest rate 6.538%)		11/4/2020	$491,098	$488,368				
$500.0 million 5.000% due October 1, 2029 (effective interest rate 5.407%)		8/24/2021	488,263	486,857				

$500.0 million 5.875% due November 15, 2025 (effective interest rate 6.524%)			
$500.0 million 5.000% due October 1, 2029 (effective interest rate 5.405%)			
Total	Total	$979,361	$975,225

The Senior Notes due 2025 and the Senior Notes due 2029 (collectively, the "Notes") were issued pursuant to two indentures, dated November 4, 2020 and August 24, 2021, respectively, between the Company and The Bank of New York Mellon Trust Company, N.A., as trustee. The Senior Notes due 2025 relate to the Company's acquisition of Simplura and the Senior Notes due 2029 relate to the Company's acquisition of VRI. The fair value of the Notes as of December 31, 2022 December 31, 2023 and 2021 2022 was $896.6 million $909.2 million and $1,038.6 million $896.6 million, respectively, which was determined based on quoted prices in active markets, and therefore designated as Level 1 within the valuation hierarchy.

The Notes are senior unsecured obligations and rank senior in right of payment to all of the Company's future subordinated indebtedness, rank equally in right of payment with all of the Company's existing and future senior indebtedness, are effectively subordinated to any of the Company's existing and future secured indebtedness, including indebtedness under the New Credit Facility, to the extent of the value of the assets securing such indebtedness, and are structurally subordinated to all of the existing and future liabilities (including trade payables) of each of the Company's non-guarantor subsidiaries.

The indentures for the Notes contain covenants that, among other things, restrict the Company's ability and the ability of its restricted subsidiaries to, among other things: incur additional indebtedness or issue disqualified capital stock; make certain investments; create or incur certain liens; enter into certain transactions with affiliates; merge, consolidate, amalgamate or transfer substantially all of its assets; agree to dividend or other payment restrictions affecting its restricted subsidiaries; and transfer or sell assets, including capital stock of its restricted subsidiaries. These covenants, however, are subject to a number of important exceptions and qualifications, and certain covenants may be suspended in the event the Notes are assigned an investment grade rating from two of three rating agencies. The indentures for both the Senior Notes due 2025 and the Senior Notes due 2029 provide that the notes may become subject to redemption under certain circumstances.

The In 2024 and thereafter, the Company may redeem all or a part of the Senior Notes due 2025 upon not less than ten days' nor more than 60 days' notice, at 100.0% of the redemption prices (expressed as percentages of principal amount) set forth below amount plus accrued and unpaid interest, if any, on the Notes redeemed, to, but excluding, the applicable redemption date, if redeemed during the 12-month period beginning on November 15 of the years indicated below:

Year	**Percentage**
2023	101.469%
2024 and thereafter	100.000%

date.

The Company may also redeem the Senior Notes due 2029, in whole or in part, at any time prior to October 1, 2024, at a price equal to 100% 100.0% of the principal amount of the notes redeemed, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption plus a "make-whole" premium set forth in the Indenture. In addition, the Company may redeem up to 40.0% of the Senior Notes due 2029 prior to October 1, 2024, at a redemption price of 105.000% 105.0% of the principal amount, plus accrued and unpaid interest, if any, to, but excluding, the date of redemption, with the proceeds of certain equity offerings, subject to certain conditions as specified in the Indenture Agreement.

On or after October 1, 2024, the Company may redeem all or a part of the Senior Notes due 2029 upon not less than ten nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below *plus* accrued and unpaid interest, if any, on the Notes redeemed, to, but excluding, the applicable redemption date, if redeemed during the 12-month period beginning on October 1 of the years indicated below:

Year	**Percentage**
2024	102.500%
2025	101.250%

2026 and thereafter	100.000%

The Company will pay interest on the Senior Notes due 2025 at 5.875% per annum until maturity. Interest is payable semi-annually in arrears on May 15 and November 15 of each year, with the first interest payment date being May 15, 2021. Principal payments are not required until the maturity date on November 15, 2025 when 100.0% of the outstanding principal will be required to be repaid.

Pursuant to the Senior Notes due 2029, the Company will pay interest on the notes at 5.000% 5.0% per annum until maturity. Interest is payable semi-annually in arrears on April 1 and October 1 of each year, with the first interest payment date being April 1, 2022. year. Principal payments are not required until the maturity date on October 1, 2029 when 100% 100.0% of the outstanding principal will be required to be repaid. As a part of the bond issuance process, we incurred a $6.6 million bridge commitment fee that provided a potential funding backstop in the event that the Notes did not meet the desired subscription level to be used to acquire VRI. That commitment expired unused upon closing of the Notes and the fee was expensed in the third quarter of 2021.

In relation to the issuance of the Senior Notes due 2025, debt issuance costs of $14.5 million were incurred at the date of issuance and these costs were deferred and are amortized to interest cost over the term of the Notes. Additionally, in relation to the issuance of the Senior Notes due 2029, debt issuance costs of $13.5 million were incurred at the date of issuance and these costs were deferred and are amortized to interest cost over the term of the Notes. As of December 31, 2022 December 31, 2023, $20.6 million $16.2 million of unamortized deferred issuance costs was netted against the long-term debt balance on the consolidated balance sheet. The Company was in compliance with all covenants as of December 31, 2022 December 31, 2023.

Annual maturities on all long-term debt outstanding at December 31, 2022 December 31, 2023, are as follows:

			Maturities
2023		$	—
		Maturities	Maturities
2024	2024		—
2025	2025		500,000
2026	2026		—
2027	2027		—
2028			
Thereafter	Thereafter		500,000
Total maturities	Total maturities		1,000,000
Unamortized deferred issuance costs	Unamortized deferred issuance costs		20,639
Total long-term debt	Total long-term debt	$	979,361

Credit Facility

The Company was a party to an amended and restated credit and guaranty agreement, dated as of August 2, 2013 (as amended, the "Old Credit Agreement"), with Bank of America, N.A., as administrative agent, swing line lender and letter of credit issuer, and the other lenders party thereto. On September 13, 2021, the Company entered into the Ninth Amendment to the Amended and Restated Credit and Guaranty Agreement (the "Ninth Amendment"), which among other things, amended the Old Credit Facility to permit the incurrence of additional debt to finance the acquisition of VRI and revise financial covenants therein to permit the consummation of the VRI acquisition. The amount available under the revolving credit facility (the "Old Credit Facility") included an aggregate principal amount of $225.0 million, with a sub-facility for letters of credit of $40.0 million.

On February 3, 2022, the Company terminated its Old Credit Facility and entered into a new credit agreement (the "New the New Credit Agreement") Agreement with JPMorgan Chase Bank, N.A., as administrative agent, swing line lender and an issuing bank, Wells Fargo Bank, National Association, as an issuing bank, Truist Bank and Wells Fargo Bank, National Association, as co-syndication agents, Deutsche Bank AG New York Branch, Bank of America, N.A., Regions Bank, Bank of Montreal and Capital One, National Association, as co-documentation agents, and JPMorgan Chase Bank, N.A., Truist Securities, Inc. and Wells Fargo Securities, LLC, as joint bookrunners and joint lead arrangers, and the other lenders party thereto. The New Credit Agreement provides the Company with a senior secured revolving credit facility (the "New the New Credit Facility") Facility in an aggregate principal amount of $325.0 million. The New Credit Facility includes sublimits for swingline loans, letters of credit and alternative currency loans in amounts of up to $25.0 million, $60.0 million and $75.0 million, respectively. The Company did not draw any amount of the New Credit Facility at closing of matures on February 3, 2027 and the New Credit Agreement. As of December 31, 2022, the Company had $38.1 million of outstanding letters of credit under the New Credit Facility. The proceeds of the New Credit Facility may be used (i) to finance working capital needs of the Company and its subsidiaries and (ii) for general corporate purposes of the Company and its subsidiaries (including to finance capital expenditures, permitted acquisitions and investments).

On June 26, 2023, the Company entered into the First Amendment to the New Credit Agreement which amended the maximum permitted Total Net Leverage Ratio under the New Credit Agreement as follows: for the fiscal quarters ending June 30, 2023 through September 30, 2023, 5.25:1.00; for the fiscal quarters ending December 31, 2023 through March 31, 2024, 5.00:1.00; for the fiscal quarter ending June 30, 2024, 4.75:1.00; and for the fiscal quarters ending September 30, 2024 and for the fiscal quarters ending thereafter, 4.50:1.00.

On February 22, 2024, the Company entered into the Second Amendment to the New Credit Agreement, which amended the maximum permitted Total Net Leverage Ratio under the New Credit Agreement as follows: for the fiscal quarters ending March 31, 2024 through June 30, 2024, 5.50:1.00; for the fiscal quarters ending September 30, 2024 through December 31, 2024, 5.25:1.00; for the fiscal quarters ending March 31, 2025 through September 30, 2025, 5.00:1.00, and for the fiscal quarters ending December 31, 2025 through March 31, 2026, 4.75:1.00. The Second Amendment also restricts the Company from permitting its Liquidity (as defined in the Second Amendment and which is determined generally to be, as of any date of determination, the sum of the Company's available borrowing capacity under the New Credit Facility plus the amount of its unencumbered cash), to be less than $100.0 million as of the last day of each fiscal quarter.

As of December 31, 2023, the Company had $113.8 million of short-term borrowings outstanding on the New Credit Facility and had $40.4 million of outstanding letters of credit under the New Credit Facility. The interest rate for short-term borrowings outstanding as of December 31, 2023 was 9.6% per annum. As of December 31, 2022, the Company did not have any short-term borrowings outstanding on the New Credit Facility and had $38.1 million of outstanding letters of credit under the New Credit Facility.

Under the New Credit Facility, the Company has an option to request an increase in the amount of the New Credit Facility or obtain incremental term loans from time to time (on substantially the same terms as apply to the existing facilities) by an aggregate amount of up to $175.0 million, plus an unlimited amount so long as, after giving effect to the relevant incremental facility, the pro forma secured net leverage ratio does not exceed 3.50:1.00, with either additional provided that the lenders agree to increase their existing commitments from lenders under the New Credit Agreement at such time or new commitments from financial institutions approved by the Company and the administrative agent (which approval is not to be unreasonably withheld), so long as, at the time of any such increase, no default or event of default exists, the representations and warranties of the Company set forth in the New Credit Agreement are true and correct in all material respects and the Company is in pro forma compliance with the financial covenants in the New Credit Agreement. The Company may not be able to access additional funds under this increase option as no lender is obligated to participate in any such increase under the New Credit Facility.

The New Credit Facility matures on February 3, 2027. incremental term loans. The Company may prepay the New Credit Facility in whole or in part, at any time without premium or penalty, subject to reimbursement of the lenders' breakage and redeployment costs in connection with prepayments of Term Benchmark loans or RFR loans, each as defined in the New Credit Agreement. The unutilized portion of the commitments under the New Credit Facility may be irrevocably reduced or terminated by the Company at any time without penalty.

Interest on the outstanding principal amount of the loans accrues at a per annum rate equal to the Alternate Base Rate, the Adjusted Term SOFR Rate, the Adjusted Daily Simple SOFR Rate, the Adjusted EURIBOR Rate or the Adjusted Daily Simple SONIA Rate, as applicable and each as defined in the New Credit Agreement, in each case, plus an applicable margin. The applicable margin ranges from 1.75% to 3.50% in the case of Term Benchmark loans or RFR loans, and 0.75% to 2.50% in the case of the Alternate Base Rate loans, in each case, based on the Company's total net leverage ratio as defined in the New Credit Agreement. Interest on the loans is payable quarterly in arrears in the case of Alternate Base Rate loans, on the last day of the relevant interest period in the case of Term Benchmark loans, and monthly in arrears in the case of RFR loans. In addition, the Company is obligated to pay a quarterly commitment fee based on a percentage of the unused portion of the revolving credit facility and quarterly letter of credit fees based on a percentage of the maximum amount available to be drawn under each outstanding letter of credit. The commitment fee and letter of credit fee range from 0.30% to 0.50% and 1.75% to 3.50%, respectively, in each case, based on the Company's total net leverage ratio.

The New Credit Agreement contains customary representations and warranties, affirmative and negative covenants and events of default. The negative covenants include restrictions on the Company's ability to, among other things, incur additional indebtedness, create liens, make investments, give guarantees, pay dividends, sell assets and merge and consolidate. The Company is subject to financial covenants, including total net leverage, minimum liquidity and interest coverage covenants.

The Company's obligations under the New Credit Facility are guaranteed by all of the Company's present and future material domestic subsidiaries, excluding certain material domestic subsidiaries that are excluded from being guarantors pursuant to the terms of the New Credit Agreement. The Company's obligations under, and each guarantor's obligations under its guaranty of, the New Credit Facility are secured by a first priority lien on substantially all of the Company's or such guarantor's respective assets. If an event of default occurs, the required lenders may cause the administrative agent to declare all unpaid principal and any accrued and unpaid interest and all fees and expenses under the New Credit Facility to be immediately due and payable. All amounts outstanding under the New Credit Facility will automatically become due and payable upon the commencement of any bankruptcy, insolvency or similar proceedings. The New Credit Agreement also contains a cross default to any of the Company's indebtedness having a principal amount in excess of $40.0 million. The Company was in compliance with all covenants under the New Credit Agreement as of December 31, 2022December 31, 2023.

13. Convertible Preferred Stock

Following (i) the completion of a rights offering in February 2015, under which certain holders of our Common Stock exercised subscription rights to purchase Preferred Stock, and (ii) the purchase of Preferred Stock by Coliseum Capital Partners, L.P., Coliseum Capital Partners II, L.P., Blackwell Partners, LLC - Series A and Coliseum Capital Co-Invest, L.P. (collectively, the "Coliseum Stockholders"), pursuant to the Standby Purchase Agreement between the Coliseum Stockholders and us, we issued 805,000 shares of Preferred Stock, which were eligible for a cash dividend on each share of Preferred Stock, when, as and if declared by a committee of our of Directors (the "Board"), at the rate of 5.5% per annum on the liquidation preference then in effect.

Cash dividends were payable quarterly in arrears on January 1, April 1, July 1 and October 1 of each year, and, if declared, began to accrue on the first day of the applicable dividend period. Cash dividends on redeemable convertible preferred stock totaling $2.0 million were distributed to convertible preferred stockholders for the year ended December 31, 2020. No cash dividends were distributed to convertible preferred stockholders for the years ended December 31, 2022 and 2021.

Preferred Stock Conversion

On June 8, 2020, the Company entered into a Preferred Stock Conversion Agreement (the "Conversion Agreement") with Coliseum Capital Partners, L.P. and certain funds and accounts managed by Coliseum Capital Management, LLC (collectively, the "Holders"), pursuant to which, among other things, (a) the Company agreed to purchase 369,120 shares of Series A Convertible Preferred Stock, par value $0.001 per share, held by the Holders in the aggregate, in exchange for (i) $209.88 in cash per share of Series A Preferred Stock, plus (ii) a cash amount equal to accrued but unpaid dividends on such shares of Series A Preferred Stock through the day prior to June 11, 2020, and (b) the Holders converted 369,120 shares of Series A Preferred Stock into (i) 2.5075 shares of Common Stock of the Company for each share of Series A Preferred Stock, plus (ii) a cash payment equal to accrued but unpaid dividends on such shares of Series A Preferred Stock through the day prior to June 11, 2020, plus (iii) a cash payment of $8.82 per share of Series A Preferred Stock. The Conversion Agreement was considered to be an induced conversion in which a premium consideration was provided by the Company to Holders of the Series A Preferred Stock.

On September 3, 2020, the Company elected to effect the conversion (the “Conversion”) of all of the outstanding Series A Convertible Preferred Stock. In accordance with the Preferred Stock Conversion Agreement dated June 8, 2020, the Company repurchased 27,509 shares of Series A Preferred Stock from the Holders for (i) a cash amount equal to $209.88 per share of Series A Preferred Stock, plus (ii) a cash amount equal to accrued but unpaid dividends on such shares through the day prior to the Conversion. In connection with the Conversion, all remaining outstanding shares of Series A Preferred Stock were converted into Common Stock at the conversion rate of 2.5075 shares of Common Stock for each share of Series A Preferred Stock and cash-in-lieu of fractional shares.

In accordance with ASC 260, *Earnings Per Share,* retained earnings was reduced by the excess of the fair value of the consideration transferred over the carrying amount of the shares surrendered. The impact to retained earnings of the excess consideration transferred, including the direct costs incurred, and write-off of any unamortized issuance costs was $52.1 million as of December 31, 2020.

The Preferred Stock was accounted for outside of stockholders’ equity as it could be redeemed upon certain change in control events that were not solely in the control of the Company. Dividends were recorded in stockholders’ equity and consist of the 5.5% dividend.

As of December 31, 2022, 2021, and 2020 there were no shares of convertible preferred stock outstanding.

14. 12. Stockholders’ Equity

At December 31, 2022 December 31, 2023 and 2021 2022 there were 19,729,923 19,775,041 and 19,589,422 19,729,923 shares of the Company’s Common Stock issued, respectively, including 5,573,529 5,571,004 and 5,568,983 5,573,529 treasury shares at December 31, 2022 December 31, 2023 and 2021, 2022, respectively.

Subject to the rights specifically granted to holders of any then outstanding shares of the Company’s Preferred Stock, the Company’s common stockholders are entitled to vote together as a class on all matters submitted to a vote of the Company’s common stockholders, and are entitled to any dividends that may be declared by the Board. The Company’s common stockholders do not have cumulative voting rights. Upon the Company’s dissolution, liquidation or winding up, holders of the Company’s Common Stock are entitled to share ratably in the Company’s net assets after payment or provision for all liabilities and any preferential liquidation rights of the Company’s Preferred Stock then outstanding. The Company’s common stockholders do not have preemptive rights to purchase shares of the Company’s stock. The issued and outstanding shares of the Company’s Common Stock are not subject to any redemption provisions and are not convertible into any other shares of the Company’s capital stock. The rights, preferences and privileges of holders of the Company’s Common Stock will be subject to those of the holders of any shares of the Company’s Preferred Stock the Company may issue in the future.

As of December 31, 2022 December 31, 2023, 250,077 586,696 shares of the Company’s common stock were reserved for future issuances related to the exercise of stock options that were outstanding and restricted stock units and awards that were unvested as of December 31, 2022 December 31, 2023.

Purchases of Equity Securities

On March 11, 2020, the Board authorized a stock repurchase program under which the Company could repurchase up to $75.0 million in aggregate value of the Company’s Common Stock, subject to the consent of the holders of a majority of the Company’s then outstanding Series A convertible preferred stock, through December 31, 2020. A total of 195,677 shares were repurchased under this program for approximately $10.2 million during the year ended December 31, 2020.

On March 8, 2021, the Board authorized a new stock repurchase program under which the Company could repurchase up to $75.0 million in aggregate value of the Company’s Common Stock through December 31, 2021, unless terminated earlier. A total of 276,268 shares were repurchased under the program for $40.0 million during the year ended December 31, 2021.

No repurchase program was authorized during the year years ended December 31, 2022. December 31, 2023 or 2022.

Equity Award Withholding

During the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, the Company withheld 10,565, 7,486 5,432 and 2,824 5,432 shares, respectively, from employees to cover the settlement of income tax and related benefit withholding obligations arising from vesting of restricted stock awards and units.

15.

13. Stock-Based Compensation and Similar Arrangements

The Company provides stock-based compensation to employees, non-employee directors, consultants and advisors under the Company’s 2006 Long-Term Incentive Plan (“2006 Plan”). The 2006 Plan allows the flexibility to grant or award stock options, stock appreciation rights, restricted stock, unrestricted stock, stock units including restricted stock units and performance awards to eligible persons.

The following table summarizes the activity under the 2006 Plan as of December 31, 2022 December 31, 2023:

	Number of shares of the Company's Common Stock authorized for issuance	Number of shares of the Company's Common Stock remaining for future grants	Number of shares of the Company's Common Stock subject to	
			Stock Options	Stock Grants
2006 Plan	5,400,000	1,177,991	125,179	124,898

	Number of shares of the Company's Common Stock authorized for issuance	Number of shares of the Company's Common Stock remaining for future grants	Number of shares of the Company's Common Stock subject to	
			Stock Options	Stock Grants
2006 Plan	5,400,000	792,338	82,586	504,110

The following table reflects the amount of stock-based Stock-based compensation for share settled awards is recorded in each financial the "General and administrative expense" line item on the consolidated statement line item of operations for a total expense of $6.5 million, $6.9 million, and $5.9 million for the years ended December 31, 2022 December 31, 2023, 2022 and 2021, and 2020 (in thousands):

	Year Ended December 31,		
	2022	2021	2020
Service expense	$ —	$ —	$ 222
General and administrative expense	6,872	5,904	3,708
Total stock-based compensation	$ 6,872	$ 5,904	$ 3,930

Stock-based compensation included in general and administrative expense is related to the employees across all of our segments, except for a select group of employees that were included within service expense in 2020, which have since been phased out.

The respectively. These amounts above exclude tax benefits of $1.9 million $1.8 million, $1.6 million $1.9 million and $1.1 million $1.6 million for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, respectively.

Stock Options

The fair value of each stock option awarded to employees is estimated on the date of grant using the Black-Scholes option-pricing formula based on the following assumptions for the years ended December 31, 2022 December 31, 2023, 2021, 2022, and 2020: 2021:

	Year Ended December 31,		
	2022	2021	2020
Expected dividend yield	0.0%	0.0%	0.0%
Expected stock price volatility	39.6% - 46.5%	36.6% - 41.6%	28.3% - 38.1%
Risk-free interest rate	1.6% - 4.4%	0.3% - 0.9%	0.2% - 1.4%
Expected life of options (years)	3.5 - 4.5	3.5 - 4.4	3.5 - 4.4

	Year Ended December 31,		
	2023	2022	2021
Expected dividend yield	0.0%	0.0%	
Expected stock price volatility	49.6% - 49.6%	39.6% - 46.5%	36.6% - 41.6%
Risk-free interest rate	3.7% - 3.7%	1.6% - 4.4%	0.3% - 0.9%
Expected life of options (years)	3.5 - 3.5	3.5 - 4.5	3.5 - 4.4

The risk-free interest rate was based on the U.S. Treasury security rate in effect as of the date of grant which corresponds to the expected life of the award. The expected stock price volatility and expected lives of the stock options were based on the Company's historical data. Stock options granted under the 2006 Plan vest ratably in equal annual installments over 3 to 4 years or, for certain grants, over periods designated in the respective employee's agreements, and expire after 5 to 7 years.

During the year ended December 31, 2022 December 31, 2023, the Company issued 109,731 549 shares of its Common Stock in connection with the exercise of employee stock options under the Company's 2006 Plan.

The following table summarizes the stock option activity for the year ended December 31, 2022 December 31, 2023:

		Year ended December 31, 2022					
		Number of Shares Under Option	Weighted-average Exercise Price	Weighted-average Remaining Contractual Term	Aggregate Intrinsic Value (in thousands)		
	Number of Shares Under Option						
Balance at beginning of year, January 1	Balance at beginning of year, January 1	270,239	$ 88.72				
Granted	Granted	103,013	106.90				
Granted							
Granted							
Exercised							
Exercised							
Exercised	Exercised	(109,731)	61.87			(549)	
Forfeited/Canceled	Forfeited/Canceled	(131,284)	95.23			Forfeited/Canceled	(32,101
Expired	Expired	(7,058)	174.57			Expired	(21,752
Outstanding at end of year, December 31	Outstanding at end of year, December 31	125,179	$ 115.54	3.53	$ 539		
Vested or expected to vest at end of year, December 31	Vested or expected to vest at end of year, December 31	125,179	$ 115.54	3.53	$ 539		
Exercisable at end of year, December 31	Exercisable at end of year, December 31	26,332	$ 116.89	2.66	$ 275		

As of December 31, 2022 December 31, 2023, there was approximately $3.9 million $1.5 million of unrecognized compensation cost related to share settled stock options that is expected to be recognized over a weighted-average remaining contractual term of 3.53 2.68 years, using the simplified method as allowed permitted for plain vanilla options.

The weighted-average grant date fair value for options granted, total intrinsic value and cash received by the Company related to options exercised during the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020 2021 were as follows (in thousands, except for fair value per share):

		Year ended December 31,			Year ended December 31,		
		2022	2021	2020	2023	2022	2021
Weighted-average grant date fair value per share	Weighted-average grant date fair value per share	$ 106.90	$ 170.26	$ 71.56			
Options exercised:	Options exercised:				Options exercised:		
Total intrinsic value	Total intrinsic value	$ 3,057	$ 4,454	$ 26,228			

Restricted Stock Awards and Restricted Stock Units

The Board grants restricted stock awards (RSAs) and restricted stock units (RSUs) under the 2006 Plan. RSAs and RSUs vest ratably in equal annual installments over 1 to 4 years, or, for certain grants, over periods designated in the respective employee's agreements or as determined by the Compensation Committee.

During the year ended December 31, 2022 December 31, 2023, the Company issued 36,521 48,485 shares of its Common Stock to non-employee directors, executive officers and key employees upon the vesting of certain RSAs and RSUs granted under the Company's 2006 Plan.

The following table summarizes the activity of the shares and weighted-average grant date fair value of the Company's unvested RSAs and RSUs during the year ended December 31, 2022 December 31, 2023:

		Shares		Shares	Weighted-average grant date fair value
		Shares	Weighted-average grant date fair value		
Non-vested at beginning of year, January 1					
Non-vested at beginning of year, January 1					
Non-vested at beginning of year, January 1	Non-vested at beginning of year, January 1	73,879	$ 112.61		
Granted	Granted	113,414	$ 103.60		
Vested	Vested	(36,521)	$ 98.63		
Forfeited or cancelled	Forfeited or cancelled	(45,684)	$ 103.49		
Non-vested at end of year, December 31	Non-vested at end of year, December 31	105,088	$ 108.49		

At December 31, 2022 As of December 31, 2023, there was approximately $12.1 million $14.1 million of unrecognized compensation costs related to non-vested RSAs and RSUs that is expected to be recognized over a weighted average remaining contractual term of 1.23 1.57 years.

Performance-Based Restricted Stock Units

The Board grants performance-based restricted stock units (PRSUs) to certain executive officers and key employees. PRSUs primarily have a three year three-year performance period, after which the number of underlying RSUs earned is determined based on the achievement of pre-established performance targets.

The following table summarizes the activity of the shares and weighted-average grant date fair value of the Company's unvested PRSUs during the year ended December 31, 2022 December 31, 2023:

		Shares		Shares	Weighted-average grant date fair value
		Shares	Weighted-average grant date fair value		
Non-vested at beginning of year, January 1					
Non-vested at beginning of year, January 1					

Non-vested at beginning of year, January 1	Non-vested at beginning of year, January 1	—	$	—
Granted	Granted	42,228	$	149.94
Vested	Vested	—	$	—
Forfeited or cancelled	Forfeited or cancelled	(22,418)	$	149.60
Non-vested at end of year, December 31	Non-vested at end of year, December 31	19,810	$	150.33

As of December 31, 2022 December 31, 2023, there was approximately $3.0 million $8.1 million of unrecognized compensation cost related to non-vested PRSUs that is expected to be recognized over a weighted-average remaining contractual term of 2.21 years. 2.55 years, assuming that the performance conditions continue to be probable of achievement.

The total fair value of vested stock options, RSUs and RSAs, and PRSUs was $2.6 million $11.7 million, $3.3 million $2.6 million and $5.2 million $3.3 million for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020, 2021, respectively.

Employee Stock Purchase Plan

During the fourth quarter of 2022, the Company began offering an Employee Stock Purchase Plan ("ESPP") available to eligible employees. Under terms of the plan, eligible employees may designate a dollar value or percentage of their compensation to be withheld through payroll deductions, up to a maximum of $25,000 in each plan year, for the purchase of common stock at 85% 85.0% of the lower of the market price on the first or last day of the offering period. Purchases under this plan were for a total of 2,940 16,030 shares as of December 31, 2022 December 31, 2023. As of December 31, 2022 December 31, 2023, 997,060 983,970 shares remain available for future issuance under this plan.

16. Earnings (Loss) 14. Loss Per Share

The following table details the computation of basic and diluted earnings (loss) loss per share (in thousands, except share and per share data):

	Year ended December 31,		
	2022	2021	2020
Numerator:			
Net income (loss) attributable to ModivCare	$ (31,806)	$ (6,585)	$ 88,836
Dividends on convertible preferred stock outstanding	—	—	(1,171)
Dividends paid pursuant to the Conversion Agreement	—	—	(816)
Consideration paid in excess of preferred cost basis pursuant to the Conversion Agreement	—	—	(52,139)
Income allocated to participating securities	—	—	(2,239)
Net income (loss) available to common stockholders	$ (31,806)	$ (6,585)	$ 32,471
Denominator:			
Denominator for basic earnings per share -- weighted-average shares	14,061,839	14,054,060	13,567,323
Effect of dilutive securities:			
Common stock options	—	—	71,651
Restricted stock units	—	—	44,334
Denominator for diluted earnings per share -- adjusted weighted-average shares assumed conversion	14,061,839	14,054,060	13,683,308
Earnings (loss) per share:			
Basic earnings (loss) per share	$ (2.26)	$ (0.47)	$ 2.39
Diluted earnings (loss) per share	$ (2.26)	$ (0.47)	$ 2.37

	Year ended December 31,		
	2023	2022	2021
Numerator:			
Net loss	$ (204,460)	$ (31,806)	$ (6,585)
Denominator:			
Denominator for basic earnings per share -- weighted-average shares	14,173,957	14,061,839	14,054,060
Effect of dilutive securities:			
Common stock options	—	—	—
Restricted stock units	—	—	—
Denominator for diluted earnings per share -- adjusted weighted-average shares assumed conversion	14,173,957	14,061,839	14,054,060
Loss per share:			
Basic loss per share	$ (14.43)	$ (2.26)	$ (0.47)
Diluted loss per share	$ (14.43)	$ (2.26)	$ (0.47)

Income allocated to participating securities is calculated by allocating a portion of the Company's net income, less dividends on convertible stock, to the convertible preferred stockholders on a pro-rata as converted basis; however, the convertible preferred stockholders are not allocated losses.

The following weighted-average shares were not included in the computation of diluted earnings per share as the effect of their inclusion would have been anti-dilutive:

	Year ended December 31,		
	2022	2021	2020
Stock options to purchase common stock	118,260	56,291	43,061
Restricted stock unit equivalents to purchase common stock	58,831	1,178	618

	Year ended December 31,		
	2023	2022	2021
Stock options to purchase common stock	100,499	118,260	56,291
Restricted stock awards and restricted stock units	87,056	58,831	1,178

17. 15. Leases

The Company has non-cancelable operating leases primarily associated with office space and other facilities. The leases expire in various years and generally provide for renewal options. In the normal course of business, management expects that these leases will be renewed or replaced by leases on other properties.

Certain operating leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases. Several of these lease agreements contain provisions for periods in which rent payments are reduced. The total amount of rental payments due over the lease term is recorded as rent expense on a straight-line basis over the term of the lease.

To determine whether a contract contains a lease, the Company evaluates its contracts and verifies that there is an identified asset and that the Company, or the tenant, has the right to obtain substantially all the economic benefits from the use of the asset throughout the contract term and has the right to direct the use of the identified asset. If a contract is determined to contain a lease and the Company is a lessee, the lease is evaluated to determine whether it is an operating or financing lease.

The discount rate used for each lease is determined by estimating an appropriate incremental borrowing rate. In estimating an incremental borrowing rate, the Company considers the debt information, credit rating, and interest rate on the revolving credit facility, which is collateralized by the Company's assets. Accordingly, the Company continues discounting its remaining operating lease payments for calculating its lease liability using a weighted-average discount rate of 5.31% 5.43%. The Company applies this rate to its entire portfolio of leases on the basis that any adjustments to the rate for lease term or asset classification would not affect the interest rate charged under the debt or have a material effect on the discounted lease liability.

A summary of all lease classifications in our consolidated balance sheets is as follows (in thousands):

Leases	Leases	Classification	December 31, 2022	December 31, 2021	Leases	Classification	December 31, 2023	December 31, 2022
Assets	Assets							

Operating lease assets	Operating lease ROU assets	$	39,405	$	43,750
Finance lease assets	Property and equipment, net		—		—
Total leased assets		$	39,405	$	43,750
Current operating lease assets					
Current operating lease assets					
Current operating lease assets					
Current operating lease assets					
Current operating lease assets					
Current operating lease assets					
Current operating lease assets					
Current operating lease assets					
Current operating lease assets					
Liabilities					
Liabilities					
Liabilities	**Liabilities**				
Current:	Current:				
Current:					
Current:					
Current:					
Current:					
Current:					
Current:					
Current:					
Current:					
Operating	Operating	Current portion of operating lease liabilities	$ 9,640	$	9,873
Finance		Current portion of long-term obligations	—		—
Operating					
Operating					
Operating					
Operating					
Operating					
Operating					
Operating					
Operating					
Long-term:					
Long-term:					

Long-term:	Long-term:			
Operating	Operating	Operating lease liabilities, less current portion	32,088	34,524
Finance		Finance lease liabilities, less current portion	—	—
Operating				
Operating				
Operating				
Operating				
Operating				
Operating				
Operating				
Operating				
Total lease liabilities	Total lease liabilities		$ 41,728	$ 44,397
Total lease liabilities				
Total lease liabilities				

As of December 31, 2023, future maturities of lease liabilities were as follows (in thousands):

	Operating Leases
2024	$ 10,434
2025	8,664
2026	7,275
2027	5,894
2028	5,403
Thereafter	13,121
Total lease payments	50,791
Less: interest and accretion	(8,280)
Present value of minimum lease payments	42,511
Less: current portion	(8,727)
Long-term portion	$ 33,784

As of December 31, 2022, future maturities of lease liabilities were as follows (in thousands):

	Operating Leases
2023	$ 11,347
2024	8,509
2025	6,009
2026	4,714
2027	3,599
Thereafter	15,657
Total lease payments	49,835
Less: interest and accretion	(8,107)
Present value of minimum lease payments	41,728
Less: current portion	(9,640)
Long-term portion	$ 32,088

As of December 31, 2021, future maturities of lease liabilities were as follows (in thousands):

		Operating Leases
2022	$	11,256
2023		9,777
2024		7,137
2025		4,937
2026		3,742
Thereafter		16,527
Total lease payments		53,376
Less: interest and accretion		(8,979)
Present value of minimum lease payments		44,397
Less: current portion		(9,873)
Long-term portion	$	34,524

The weighted-average remaining lease terms and weighted-average discount rates are as follows:

	December 31, 2022	December 31, 2021		
December 31, 2023			December 31, 2023	December 31, 2022
Weighted-average remaining lease term (years): Weighted-average remaining lease term (years):				
Operating lease costs Operating lease costs	4.84	6.61		
Finance lease cost	N/A	N/A		
Operating lease costs				
Operating lease costs			4.18	4.84
Weighted-average discount rate:				
Weighted-average discount rate:				
Weighted-average discount rate: Weighted-average discount rate:				
Operating lease costs Operating lease costs	5.31 %	5.25 %		
Finance lease cost	N/A	N/A		
Operating lease costs				
Operating lease costs			5.43 %	5.31 %

For the years ended December 31, 2022 December 31, 2023 and December 31, 2021, 2022, our operating lease cost was $13.8 million $13.0 million and $13.6 million $13.8 million, respectively, and is primarily included in "Service expense" on our accompanying consolidated statements of operations.

A summary of other lease information is as follows (in thousands):

Year Ended December 31, 2023		Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2023	Year Ended December 31, 2022
Operating cash flows from operating leases					
Financing cash flows from finance leases		$ —	$ —		
Operating cash flows from operating leases					
Operating cash flows from operating leases	Operating cash flows from operating leases	$ (12,492)	$ (5,701)		
Amortization of operating lease ROU assets	Amortization of operating lease ROU assets	$ 11,640	$ 11,330		
ROU assets obtained through operating lease liabilities	ROU assets obtained through operating lease liabilities	$ 7,295	$ 24,152		
ROU assets obtained through operating lease liabilities					
ROU assets obtained through operating lease liabilities					

18. 16. Income Taxes

The federal and state tax provision benefit (provision) is summarized as follows (in thousands):

	Year Ended December 31, 2022	Year Ended December 31, 2021	Year Ended December 31, 2020
Federal income tax (benefit) expense:			
Current	$ 22,651	$ 6,642	$ 1,952
Deferred	(25,291)	(820)	8,223
Total federal income tax (benefit) expense	(2,640)	5,822	10,175
State income tax (benefit) expense:			
Current	11,500	5,048	9,937
Deferred	(11,895)	(2,253)	1,906
Total state income tax (benefit) expense	(395)	2,795	11,843
Total provision (benefit) for income taxes	$ (3,035)	$ 8,617	$ 22,018

	Year Ended December 31, 2023	Year Ended December 31, 2022	Year Ended December 31, 2021
Federal income tax benefit (provision):			
Current	$ (10,296)	$ (22,651)	$ (6,642)

Deferred	14,431	25,291	820
Total federal income tax benefit (provision)	4,135	2,640	(5,822)
State income tax benefit (provision):			
Current	(3,067)	(11,500)	(5,048)
Deferred	3,251	11,895	2,253
Total state income tax benefit (provision)	184	395	(2,795)
Total benefit (provision) for income taxes	$ 4,319	$ 3,035	$ (8,617)

A reconciliation of the provision (benefit) benefit (provision) for income taxes with amounts determined by applying the statutory U.S. federal income tax rate to income before income taxes is as follows (in thousands):

		Year Ended December 31,				Year Ended December 31,		
		2022	2021	2020		2023	2022	2021
Federal statutory rates	Federal statutory rates	21.0 %	21.0 %	21.0 %	Federal statutory rates	21.0 %	21.0 %	21.0 %
Federal income tax (benefit) at statutory rates		$(1,024)	$8,459	$21,933				
Federal income tax benefit (provision) at statutory rates								
Change in valuation allowance	Change in valuation allowance	(648)	385	(452)				
Change in uncertain tax positions	Change in uncertain tax positions	390	(929)	116				
State income taxes, net of federal benefit	State income taxes, net of federal benefit	521	1,717	10,445				
Non-taxable income	Non-taxable income	—	(74)	(124)				
Compensation expense	Compensation expense	251	1,204	1,036				
Stock-based compensation	Stock-based compensation	(1,282)	(1,004)	(650)				
Legal settlements								
Meals and entertainment	Meals and entertainment	48	30	51				
Transaction costs	Transaction costs	—	89	1,289				
Tax credits	Tax credits	(1,864)	(1,095)	(650)				
CARES Act benefit		—	—	(10,984)				
Goodwill impairment								
Subsidiary deconsolidation gain	Subsidiary deconsolidation gain	148	—	—				
Life insurance expense	Life insurance expense	183	—	—				
Political activities	Political activities	197	—	—				
Other	Other	45	(165)	8				

Provision (benefit) for income taxes		$(3,035)	$8,617	$22,018				
Income tax benefit (provision)								
Effective income tax rate	Effective income tax rate	62.2 %	21.4 %	21.1 %	Effective income tax rate	2.1 %	62.2 %	21.4 %

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows (in thousands):

		December 31,			December 31,	
		2022	2021		2023	2022
Deferred tax assets:	Deferred tax assets:			Deferred tax assets:		
Net operating loss carryforwards	Net operating loss carryforwards	$ 2,769	$ 3,570			
Capital loss carryforward	Capital loss carryforward	1,003	946			
Tax credit carryforwards	Tax credit carryforwards	205	516			
Interest expense carryforward	Interest expense carryforward	12,616	5,100			
Accounts receivable allowance	Accounts receivable allowance	4,182	4,456			
Accrued items and reserves	Accrued items and reserves	10,406	10,730			
Stock-based compensation	Stock-based compensation	2,066	812			
Deferred rent	Deferred rent	1,400	1,029			
Deferred revenue	Deferred revenue	2,093	595			
Project costs	Project costs	65	952			
Software development/implementation costs						
Total deferred tax assets	Total deferred tax assets	36,805	28,706			
Deferred tax liabilities:	Deferred tax liabilities:			Deferred tax liabilities:		
Prepaid expenses	Prepaid expenses	1,493	3,181			
Property and equipment	Property and equipment	9,793	11,174			
Goodwill and intangible assets	Goodwill and intangible assets	68,163	82,290			
Equity investment	Equity investment	11,488	23,209			
Deferred financing costs	Deferred financing costs	155	—			
Other	Other	71	99			

Total deferred tax liabilities	Total deferred tax liabilities	91,163	119,953
Deferred tax liabilities, net of deferred tax assets	Deferred tax liabilities, net of deferred tax assets	(54,358)	(91,247)
Less valuation allowance	Less valuation allowance	(2,878)	(3,364)
Net deferred tax liabilities	Net deferred tax liabilities	$(57,236)	$(94,611)

At December 31, 2022 December 31, 2023, the Company had $1.5 million of federal net operating loss ("NOL") carryforwards. The Company also had approximately $39.6 million $45.8 million of state NOL carryforwards which expire as follows (in thousands):

2023		$	58
2024	2024		2,738
2025	2025		—
2026	2026		387
2027	2027		—
2028	2028		9
2029 and thereafter			36,391
2029			
2030 and thereafter			
Total state net operating loss carryforwards	Total state net operating loss carryforwards	$	39,583

The federal NOL carryforwards and approximately $21.5 million $16.5 million of the state NOL carryforwards relate to pre-acquisition tax periods and are subject to change of ownership limitations on their use. These limitations are not expected to restrict the ultimate use of these loss carryforwards.

Realization of the Company's net operating loss carryforwards is dependent on reversing taxable temporary differences and on generating sufficient taxable income.Although realization is not assured, management believes it is more likely than not that all of the deferred tax assets will be realized to the extent they are not covered by a valuation allowance. The

amount of the deferred tax assets considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

The net change in the total valuation allowance for the year ended December 31, 2022 December 31, 2023 was a decrease an increase of $0.5 million $0.4 million, of which $0.6 million $0.5 million related to current operations offset by $0.1 million related to the balance from the Care Finders acquisition. a subsidiary disposition. The valuation allowance of $2.9 $3.3 million includes amounts for state NOLs, capital loss and tax credit carryforwards for which the Company has concluded that it is more likely than not that these carryforwards will not be realized in the ordinary course of operations. The Company will continue to assess the valuation allowance, and to the extent it is determined that the valuation allowance should be changed, an appropriate adjustment will be recorded.

CARES ACT and Inflation Reduction Act Proposed Legislation

On March 27, 2020, the CARES Act was enacted into law.The CARES Act includes several significant business tax provisions that, among other things, allow businesses to carry back NOLs arising in 2018, 2019 and 2020 to the five prior years, accelerate refunds of previously generated corporate alternative minimum tax credits, deferral of employer's share of certain payroll taxes, and generally loosen the business interest limitation imposed by the Tax Reform Act.

Pursuant to the CARES Act, the Company carried its 2018 NOL back five years.As a result, in the year ended December 31, 2020, the Company recorded a $27.3 million receivable for the 2018 U.S. NOL carryback, and a $11.0 million tax benefit from the favorable carryback tax rate of 35% 35.0% compared to a carryforward tax rate of 21% 21.0%. The Company also recorded an additional income tax payable of $3.5 million for 2019 as a result of the 2018 NOL being carried back instead of carried forward.

As of December 31, 2021, the Company received all of the $27.3 million receivable for the 2018 U.S. NOL carryback.This $27.3 million was also subject to the IRS Joint Committee Review, which was completed in the third quarter of 2021 with no material adjustments being made.

On August 16, 2022, the IRA was The U.S. House of Representatives has passed bipartisan tax legislation (H.R. 7024, "Tax Relief for American Families and Workers Act of 2024") that would allow for increased current deductions for domestic research and experimentation expenditures, interest expense and fixed asset depreciation. Such legislation, if enacted, into law. This Act includes a 15.0 percent book minimum tax on the adjusted financial statement income of applicable corporations, a number of clean-energy tax credits, and a 1.0 percent excise tax on certain corporate stock buybacks. We do not expect these changes to would have a material favorable impact on our provision for current income taxes or consolidated financial statements. payable.

Unrecognized Tax Benefits

The Internal Revenue Service completed its audit of our consolidated U.S. income tax returns for 2015-2018 and no material adjustments were made to the large refunds (total of $47.6 million from capital loss and NOL carrybacks) received from the loss on the WD Services sale. In addition, we are being examined by various states and by the Saudi Arabian tax authorities. All known adjustments have been fully reserved.

The Company recognizes interest and penalties as a component of income tax expense. During the year ended December 31, 2022, December 31, 2023 and 2022, the Company did not recognize a tax benefit or expense from interest or penalties. During the years year ended December 31, 2021 and 2020, , the Company recognized a benefit of approximately $0.2 million and an expense of $0.1 million, respectively, in interest and penalties. The As of both December 31, 2023 and 2022, the Company had accrued approximately $0.1 million and $0.1 million for the payment of penalties and interest accrued as of December 31, 2022 and 2021, respectively. interest.

A reconciliation of the liability for unrecognized income tax benefits is as follows (in thousands):

		December 31,			December 31,		
		2022	2021	2020	2023	2022	2021
Unrecognized tax benefits, beginning of year	Unrecognized tax benefits, beginning of year	$1,290	$2,219	$1,403			
Transfer from discontinued operations		—	—	700			
Increase related to prior year tax positions	Increase related to prior year tax positions	108	(1,027)	—			
Increase related to current year tax positions	Increase related to current year tax positions	415	148	116			
Statute of limitations expiration	Statute of limitations expiration	(133)	(50)	—			
Unrecognized tax benefits, end of year	Unrecognized tax benefits, end of year	$1,680	$1,290	$2,219			

The entire ending balance in unrecognized tax benefits of $1.7 million $1.3 million as of December 31, 2022 December 31, 2023 would reduce tax expense and our the Company's effective tax rate. The Company expects no material amount of the unrecognized tax benefits to be recognized during the next twelve months.

The Company is subject to taxation in the U.S. and various state jurisdictions. The statute of limitations is generally three years for the U.S. and between three and four years for the various states in which the Company operates. The tax years that remain open for examination by the U.S. and states principally include the years 2018 2019 to 2021. 2022.

19. 17. Commitments and Contingencies

Surveys, audits Audits and governmental investigations Governmental Investigations

In the ordinary course of business, the Company may from time to time be or become subject to surveys, audits and governmental investigations under or with respect to various governmental programs and state and federal laws. Agencies associated with the programs and other third-party commercial payors periodically conduct extensive pre-payment or post-payment medical reviews or other audits of claims data to identify possiblepayments made or authorized other than in compliance with the requirements of Medicare or Medicaid. In order to conduct these reviews, documentation is requested from us the Company and then that documentation is reviewed to determine compliance with applicable rules and regulations, including the eligibility of clients to receive benefits, the appropriateness of the care provided to those clients, and the documentation of that care. Similarly, other state and federal governmental agencies conduct reviews and investigation investigations to confirm our the Company's compliance with applicable laws where we operate, it operates, including regarding employment and wage related regulations and matters. We The Company cannot predict the ultimate outcome of any regulatory reviews or other governmental surveys, audits or investigations, but management does not expect any ongoing surveys, audits or audits investigations involving the Company to have a material adverse effect on the business, liquidity, financial condition, or results of operations of the Company.Regardless of our the Company's expectations, however, surveys and audits are subject to inherent uncertainties and can have a material adverse impact on our company the Company due to, among other reasons, potential regulatory orders that inhibit our its ability to operate our its business, amounts paid as reimbursement or in settlement of any such matter, diversion of management resources and investigative costs.

Legal proceedings Proceedings

In the ordinary course of business, the Company may from time to time be or become involved in various lawsuits, some of which may seek monetary damages, including claims for punitive damages. Unless otherwise expressly stated, management Management does not expect any ongoing lawsuits involving the Company to have a material impact on the business, liquidity, financial condition, or results of operations of the Company. Legal proceedings are subject to inherent uncertainties, however, and unfavorable rulings or other events could occur. Unfavorable resolutions could involve substantial monetary damages. In addition, in matters for which conduct remedies are sought, unfavorable resolutions could include an injunction or other order precluding particular business practices or requiring other remedies. An unfavorable outcome might result in a material adverse impact on our business, liquidity, financial position, or results of operations.

The Company records accruals for loss contingencies related to legal matters when it is probable that a liability will be incurred and the amount of the loss can be reasonably estimated. If the Company determines that a range of reasonably possible losses can be estimated, the Company records an accrual for the most probable amount in the range. Due to the inherent difficulty in predicting the outcome of any legal proceeding, it may not be reasonably possible to estimate a range of potential liability until the matter is closer to resolution. Legal fees related to all legal matters are expensed as incurred.

On September 27, 2022, Daniel Greenleaf, the Company's former Chief Executive Officer, asserted claims in an arbitration against the Company. His claims allege alleged that the Company breached Mr. Greenleaf's employment agreement and include included a tort claim against the Company. As disclosed to the Company on December 2, 2022, Mr. Greenleaf's arbitration complaint seeks sought contractual, extra-contractual, and statutory damages totaling approximately $35 million, plus additional damages that were not quantified. damages. In May 2023, Mr. Greenleaf and the Company executed a settlement agreement related to both sides' claims in arbitration and a general release of all claims and the Company agreed to pay Mr. Greenleaf $9.6 million. The Company disputes Mr. Greenleaf's claims paid the settlement amount in their entirety and intends to vigorously contest these claims. Based on the status full in May of the proceeding and the uncertainty of the outcome, the Company is unable to estimate a range of possible loss for this matter. The Company does not believe, based on currently available information, that the outcome of the arbitration will have a material adverse effect on the Company's business, liquidity, financial condition, or results of operations. However, an unfavorable outcome could be material to the Company's operating results or cash flows for the period in which it occurs.2023.

On August 6, 2020, the Company's subsidiary, ModivCare Solutions, LLC ("ModivCare Solutions"), was served with a putative class action lawsuit filed against it by Mohamed Farah, the owner of transportation provider Dalmar Transportation, in the Western District of Missouri, seeking to represent all non-employee transportation providers contracted with ModivCare Solutions. The lawsuit alleges alleged claims under the Fair Labor Standards Act of 1938, as amended (the "FLSA"), and the Missouri Minimum Wage Act, and asserts asserted that all transportation providers to ModivCare Solutions in the putative class should be have been considered ModivCare Solutions' employees rather than independent contractors. On June 6, 2021, the Court conditionally certified as the putative class all current and former In Network Transportation Providers who, individually or through their through their companies, were issued 1099 payments from ModivCare Solutions for providing non-emergency medical transportation services for ModivCare Solutions for the previous three years. Notice of the proposed collective class was issued on October 5, 2021, and potential members of the class had until January 3, 2022 to opt-in. Plaintiff moved for class certification on August 15, 2022, and ModivCare Solutions filed an opposition to class certification on September 6, 2022. On January 13, 2023, the matter was transferred with the consent of the parties and the court to binding arbitration. Thereafter, the parties agreed on a settlement arrangement, which the arbitrator approved final on October 30, 2023. The class settlement payment was made in full on December 1, 2023. Notwithstanding the settlement payment, ModivCare Solutions believes that it is and has been in compliance in with all material respects aspects with the laws and regulations regarding the characterization of the transportation providers as independent contractors, and does not believe that the ultimate outcome of this arbitration will have a material adverse effect on the Company's business, liquidity, financial condition or results of operations.

On January 21, 2019, the United States District Court for the Southern District of Ohio unsealed a qui tam complaint, filed in December 2015, against Mobile Care Group, Inc., Mobile Care Group of Ohio, LLC, Mobile Care EMS & Transport, Inc. (collectively, the "Mobile Care Entities") and ModivCare Solutions by Brandee White, Laura Cunningham, and Jeffery Wisier (the "Relators") alleging that the Mobile Care Entities and indirectly ModivCare Solutions violated the federal False Claims Act by presenting claims for payment to government healthcare programs knowing that the prerequisites for such claims to be paid settlement arrangement has had not been met. The Relators sought to recover damages, fees and costs under the federal False Claims Act, including treble damages, civil penalties and attorneys' fees. None of the Relators were employed by ModivCare Solutions. The federal government declined to intervene against ModivCare Solutions. ModivCare Solutions filed a motion to dismiss the Complaint on April 22, 2019, but such motion was denied on October 26, 2021. ModivCare Solutions filed an interlocutory appeal of this ruling with the Sixth Circuit Court of Appeals which was subsequently denied. The Relators and Modivcare tentatively agreed to settle the Relators' substantive claims in September 2022 and continue discussions concerning the Relators' counsel's attorney fees. The settlement is not expected to have a material adverse effect on the Company's business, liquidity, financial condition or results of operations.

In 2017, one of our Personal Care PCS segment subsidiaries, All Metro Home Care Services of New York, Inc. d/b/a All Metro Health Care ("All Metro"), received a class action lawsuit in state court claiming that, among other things, it failed to properly pay live-in caregivers who stay in patients' homes for 24 hours per day ("live-ins"). The Company currently pays live-ins for 13 hours per day as supported through a written opinion letter from the New York State Department of Labor ("NYSDOL"). A similar case involving this issue has been heard by the New York Court of Appeals (New York's highest court), which on March 26, 2019, issued a ruling reversing earlier lower courts' decisions that an employer must pay live-ins for 24 hours. The Court of Appeals agreed with the NYSDOL's interpretation to pay live-ins 13 hours instead of 24 hours if certain conditions were being met. If the class action lawsuit on this matter is allowed to proceed, and is successful, Following All Metro may be liable for back wages and litigated damages going back to November 2011. All Metro filed its Metro's motion to oppose class certification, of this matter and the matter which was heard on June 23, 2022. The , the state court issued an order certifying the class on December 12, 2022. Because the parties to date have been unable to settle their dispute through mediation, discovery in the matter is continuing. If the plaintiffs prove successful in this class action lawsuit, All Metro intends may be liable for back wages and liquidated damages dating back to defend itself vigorously with respect to this matter, November 2021. All Metro believes that it is and has been in compliance in all material respects with the laws and regulations covering pay for live-in caregivers, intends to continue to defend itself vigorously with respect to this matter, and does not believe in any event that the ultimate outcome of this matter will have a material adverse effect on the Company's business, liquidity, financial condition or results of operations.

Purchased service commitments Service Commitments

The Company entered into a contract related to transportation services that includes a minimum volume requirement. If the Company does not utilize the minimum level of services specified in the agreement, a penalty provision applies. Future minimum payments under the service commitments consisted totaled $49.5 million at December 31, 2023 and relates to minimum volume requirements through the end of the following at December 31, 2022 (in thousands):

	Service Commitment

2023	$	36,000
2024		49,500
Total future minimum payments	$	85,500

December 31, 2024.

Deferred Compensation Plan

The Company has one deferred compensation plan for management and highly compensated employees of NEMT Services as of December 31, 2022 December 31, 2023. The deferred compensation plan is unfunded, and benefits are paid from the general assets of the Company. The total of participant deferrals, which is reflected in "Other long-term liabilities" in the consolidated balance sheets, was $2.2 million and $2.0 million at December 31, 2023 and $2.7 million at December 31, 2022 and 2021, 2022, respectively.

20. 18. Transactions with Related Parties

Cash Settled Awards

On September 11, 2014, the Company granted 200,000 stock option equivalent units ("SOEUs") to Coliseum Capital Management, LLC ("Coliseum") as compensation for the Board service of Christopher Shackelton, Chairman of the Board, for his service on the Board in lieu of the restricted share awards that are given to our other non-employee directors.as directors as compensation. These shares were granted at an exercise price of $43.81 per share that were fully vested. The SOEUs were accounted for as liability awards, with the recorded expense adjustment attributable to the Company's change in stock price from the previous reporting period. On August 12, 2021, Coliseum exercised all of the SOEUs at a stock price of $182.73 per share for a total cash settlement of $27.8 million. The Company recorded an expense of $8.8 million and $15.8 million for SOEUs during the years year ended December 31, 2021 and 2020, respectively, , which was included in "General and administrative expense" in the consolidated statements of operations. At December 31, 2022 December 31, 2023, 2022 and 2021, respectively, there were no SOEU's outstanding and no remaining liability associated with the awards.

The cash settled share-based compensation expense in total excluded a tax benefit of $2.6 million and $4.5 million for the years ended December 31, 2021, and 2020, respectively. The Company had no outstanding SOEUs at December 31, 2022, and therefore, no tax impact was recorded at December 31, 2022.

As discussed in Note 13, *Convertible Preferred Stock, Net*, on June 8, 2020, the Company entered into a Preferred Stock Conversion Agreement with Coliseum Capital Partners, L.P. and certain funds and accounts managed by Coliseum Capital Management, LLC. Pursuant to the Conversion Agreement, the Company purchased 369,120 shares of Series A Convertible Preferred Stock, par value $0.001 per share, in exchange for $209.88 in cash per share of Series A Preferred Stock, plus a cash amount equal to accrued but unpaid dividends on such shares of Series A Preferred Stock through the day prior to June 11, 2020. Further, the Holders converted 369,120 shares of Series A Preferred Stock into 925,567 shares of common stock, a cash payment equal to accrued but unpaid dividends on such shares of Series A Preferred Stock through the day prior to June 11, 2020, and a cash payment of $8.82 per share of Series A Preferred Stock. The amount of accrued dividends paid pursuant to the Conversion Agreement was equal to $0.8 million.

Further, on September 3, 2020, the Company elected to affect the conversion (the "Conversion") of all of the outstanding Series A Convertible Preferred Stock. In accordance with the Preferred Stock Conversion Agreement dated June 8, 2020 (as amended), immediately prior to the Conversion, the Company repurchased 27,509 shares of Series A Preferred Stock from the Holders for a cash amount equal to $209.88 per share of Series A Preferred Stock and a cash amount equal to accrued but unpaid dividends on such shares through the day prior to the Conversion.

There were no convertible preferred stock dividends earned by Coliseum Stockholders during the year ended December 31, 2022 or 2021. Convertible preferred stock dividends earned by the Coliseum Stockholders during the year ended December 31, 2020 totaled $2.0 million, including accrued dividends paid pursuant to the Conversion Agreement.

Item 9. *Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.*

None.

Item 9A. *Controls and Procedures.*

Evaluation of Disclosure Controls and Procedures

The Company, Company's management, under the supervision and with the participation of its management, including its principal executive officer and principal financial officer, evaluated the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)), as of the end of the period covered by this Annual Report on Form 10-K (December 31, 2022) 2023). Based upon this evaluation, the Company's principal executive officer who is also our and principal financial officer has concluded that, as a result of the material weaknesses identified in internal control over financial reporting as described below, the Company's disclosure controls and procedures were not effective as of December 31, 2022 December 31, 2023.

In light of the material weaknesses described below, management performed additional analysis and other procedures to ensure that our consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles (GAAP). Accordingly, management believes that the consolidated financial statements included in this Annual Report on Form 10-K fairly present, in all material respects, our financial position, results of operations, and cash flows as of and for the periods presented, in accordance with U.S. GAAP.

Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act). The Company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the consolidated financial statements. Because of its inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of the Company's financial statements would be prevented or detected in all circumstances in a timely manner.

The Company's management, under the supervision and with the participation of its principal executive officer and principal financial officer, and under the oversight of its Board of Directors, conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of December 31, 2023 based on the criteria set forth in the Internal Control–Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on such evaluation, management determined that the Company's internal control over financial reporting was not effective as of December 31, 2023 as a result of the material weaknesses discussed in the paragraphs that follow below.

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 of our annual or interim financial statements will not be prevented or detected on a timely basis.

The Company, under the supervision and with the participation of its Company's management including its principal executive officer and principal financial officer, and under the oversight of our Board of Directors, conducted an evaluation of the effectiveness of the Company's internal control over financial reporting as of December 31, 2022, based on the criteria set forth in the *Internal Control–Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Based on management's evaluation of the effectiveness of our internal control over financial reporting, management determined concluded that the Company's internal control over financial reporting was not effective as of December 31, 2022, to the extent of the following material weaknesses:

The Company did not, with respect to its PCS segment, complete before year-end (i) conduct an effective risk assessment to identify assess and assess confirm the effectiveness and implementation of the changes previously identified in its internal control environment specifically related to new recently deployed information technology ("IT") systems and newly acquired companies, revision of the PCS revenue and payroll processes, or (ii) structure effective reporting lines, appropriate authorities, or responsibilities, or (iii) establish the establishment of all mechanisms expected to be used to enforce accountability in the pursuit of objectives to establish and operate effective internal control over financial reporting.

As a consequence: Specifically, at the PCS segment:

- The Company did not establish effective general information technology controls ("GITCs"), specifically namely change management controls and logical access controls, that support the consistent operation of certain all of the Company's IT systems. Therefore, systems, resulting in automated process-level controls and manual controls dependent upon

  information derived from those IT systems are also to be ineffective because they could have been adversely impacted, impacted; and

- The Company did not design, implement and effectively operate process-level control activities related to its i) revenue processes (including service revenue and accounts receivable) and payroll processes (including payroll expenses recorded within service expense and general and administrative expense) within the Personal Care segment and ii) payroll processes (including payroll expenses recorded within service expense and general and administrative expense) within the NEMT and Corporate segments. PCS segment.

The deficiencies in our internal control deficiencies over financial reporting and resulting the material weaknesses described above did not result in any material misstatement in our consolidated financial statements or other disclosures. These control deficiencies created, however, a reasonable possibility that a material misstatement in our consolidated financial statements would not be prevented or detected on a timely basis. We concluded, therefore, that these deficiencies represented material weaknesses in our internal control over financial reporting and our internal control over financial reporting was not effective as of December 31, 2022.

Our independent registered public accounting firm, KPMG LLP, who audited the Company's consolidated financial statements included in this Annual Report, on Form 10-K, has issued an adverse opinion on the operating effectiveness of the Company's internal control over financial reporting. KPMG LLP's report is presented in Part II, Item 8 of this Annual Report on Form 10-K. Report.

Remediation Efforts and Management's Remediation Plan

We, These material weaknesses were largely a result of the continued integration efforts associated with the acquisition of the companies comprising our PCS segment and the high volume of transactions across their disparate systems. The Company's management, with the oversight of the Audit Committee of the Board of Directors, are is in the process of effecting ongoing remediation efforts related to the identified material weaknesses.

The material weaknesses identified at the Personal Care segment are largely the result PCS segment.

In furtherance of the significant integration and centralization activities across a high volume foregoing, the Company has embarked upon an approved remediation plan, the efforts of disparate systems at which include working with our Personal Care segment. In addition to independent third-party internal control specialist, which is helping coordinate the remediation efforts, as well as adding resources within the organization to improve structure and changes mitigate risks previously identified. The remediation plan designed was a robust, global plan intended to address not only the PCS segment identified weaknesses, but also the weaknesses identified in prior periods with respect to our NEMT and

Corporate and Other segments. Approaching the remediation in auniform and enterprise wide manner has required additional time to implement, but it was believed to be the better approach than to adopt a patchwork fix without a view to eliminating future enterprise risk To that end, the Company has completed and/or is in the process of completing, as applicable, the following remediation activities deemed necessary or desirable to eliminate the material weaknesses and restore its internal control over financial reporting occurring during the applicable period described below, efforts of which are ongoing, we have identified the following additional remediation steps at our Personal Care segment: as intended:

- Continue Implemented a new revenue cycle management system and designed a new suite of GITCs and process-level controls related to design and implement structured reporting lines and appropriate authorities and responsibilities to create an environment that enforces accountability and seeks to ensure that the impacted financial reporting processes and related internal controls are properly designed, implemented and executed; new system;
- Continue Integrated the PCS segment into our enterprise resource planning software and standardized control activities related to enhance the risk-assessment Company's financial statement close process;
- Executed an enhanced risk assessment process to identify and assess changes in the Company's internal control environment, specifically related to financial statement level risks new IT systems and enhance the design of existing control activities and implement additional process-level control activities, including, to the extent practicable, the standardization of control activities and information used in those activities with a view to ensuring these enhancements are properly designed, implemented and effectively operating; newly acquired companies;
- Continue Continued to design, enhance and implement GITCs, including change management and logical access controls, the efforts with respect to which are ongoing, to support process-level automated controls intended to ensure that information needed for the operation of manual process-level controls and financial reporting is accurate and complete; and
- Continue Continued to work design, enhance and implement, the efforts with third party specialists respect to assist which are ongoing, process-level control activities in the design revenue and implementation of process-level controls activities, including implementing several new systems to modernize our financial process workflow and control environment. payroll.

The other Company's management continues to focus on projects that automate, standardize, and centralize the Company's control environment as it continues to integrate the PCS segment. Management believes that the remediation measures described above will address the material weaknesses which were identified and strengthen the Company's overall internal control over financial reporting. Management will continue to monitor the progress of these efforts, and may take additional measures or modify the remediation plan described above in order to effectively address the control deficiencies. The material weaknesses will not be considered remediated until the remediated controls have operated for a sufficient amount of time for us to conclude, through testing, that the controls are designed and operating effectively.

During the fiscal year ended December 31, 2023, management completed the remediation efforts necessary to fully and effectively remediate and eliminate the material weaknesses previously disclosed by the Company in its Annual Report on Form 10-K for the fiscal year ended December 31, 2022 with respect to its NEMT and Corporate Segments, are the result of the implementation of a new general ledger IT system and evaluation of the IT risks Other Segments related to this new system. With respect to these weaknesses that were not remediated as of year-end, we will perform the following remediation steps:

- Enhance existing processes payroll processing function and implement GITCs to address changes in risks related to new IT systems risks related to change management and logical access controls. The remediation efforts necessary to support the effective operation of automated process-level controls and ensure that information needed for the operation of manual process-level controls and financial reporting is accurate and complete; and
- Implement eliminate those material weaknesses included (i) implementing a new personnel management system in 2023 after the sunsetting of the legacy system in which this weakness was identified and design designing and implementing a new suite of internal controls in payroll with appropriate authorities.

authorities within the NEMT and Corporate and Other segments, and (ii) designing, enhancing, and implementing GITCs to support process-level automated controls within the NEMT and Corporate and Other segments. As a result of the foregoing, as of December 31, 2023, management was able to conclude that the material weaknesses previously disclosed at the NEMT and Corporate and Other segments were fully and effectively remediated.

Furthermore, as previously disclosed in Item 9A. "Controls and Procedures" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, in addition to the material weaknesses identified at the NEMT and Corporate and Other segments above, management identified material weaknesses in the PCS segment's internal control over financial reporting related to the effectiveness of the new structure adopted for its reporting lines and approved for the identification of appropriate authorities and responsibilities. The remediation efforts necessary to eliminate that material weakness included structuring more effective reporting lines, including the hiring of a President of the PCS segment, a Chief Financial Officer to eliminate the dual role previously also performed by our Chief Executive Officer, a Chief Information Officer, and a Chief People Officer, to promote appropriate authorities and responsibilities and strengthen mechanisms to enforce accountability of internal control over financial reporting. As a result of the foregoing, as of December 31, 2023, management was able to conclude that this material weakness previously disclosed at the PCS segment was fully and effectively remediated.

Changes in Internal Control Over Financial Reporting

Despite Except for the changing internal control environment at changes described in the Personal Care segment, preceding paragraphs, and the Company made progress toward ongoing implementation of the remediation of plan with respect to the previously disclosed material weaknesses identified during 2021. During at the fourth quarter of 2022, in addition to the remediation plan put into place by management that includes the addition of resources within the organization to improve structure and help mitigate risks previously identified, the Company has continued to build out our Controls Compliance and Financial Systems (CCFS) department to strengthen the Company's internal control oversight and enhance consistency across the organization, including the addition of an IT specialist.

In addition to the changes identified PCS segment, discussed above, the Company finalized the integration of Care Finders Total Care, LLC and VRI Intermediate Holdings, LLC into our existing control framework.

There there were no other changes in our internal control over financial reporting during the fiscal quarter ended December 31, 2022 December 31, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. ***Other Information.***

None.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance*****.**

The information required by Item 10 is incorporated by reference from our definitive proxy statement on Schedule 14A to be filed with the SEC and delivered to stockholders in connection with our 2023 2024 Annual Meeting of Stockholders (the "2023 "2024 Proxy Statement") under the captions "*Election of Directors*," "*Corporate Governance*" and "*Delinquent Section 16(a) Reports*"; provided that if our 2023 2024 Proxy Statement is not filed on or before April 30, 2023 April 29, 2024, such information will be included in an amendment to this Annual Report on Form 10-K filed on or before such date.

Code of Ethics

We have adopted a code of ethics that applies to our senior management, including our chief executive officer, chief financial officer, controller and persons performing similar functions, as well as our directors, officers and employees. This code of ethics is part of our broader Compliance and Ethics Plan and Code of Conduct, which is available free of charge in the “Investors” section of our website at www.modivcare.com. We intend to disclose any amendment to, or waiver from, a provision of the code of ethics that applies to our principal executive officer, principal financial officer or principal accounting officer on our website. The information contained on our website is not part of, and is not incorporated in, this Annual Report on Form 10-K or any other report we file with or furnish to the SEC.

Item 11. ***Executive Compensation.***

The information required by Item 11 is incorporated by reference from our 2023 2024 Proxy Statement under the captions "*Executive Compensation*" and "*Corporate Governance*"; Statement; provided that if our 2023 2024 Proxy Statement is not filed on or before April 30, 2023 April 29, 2024, such information will be included in an amendment to this Annual Report on Form 10-K filed on or before such date.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.***

Other than as provided below, the information required by Item 12 is incorporated by reference from our 2024 Proxy Statement; provided that if our 2024 Proxy Statement is not filed on or before April 29, 2024, such information will be included in an amendment to this Annual Report filed on or before such date.

The following table provides information, as of December 31, 2022 December 31, 2023, regarding our 2006 Plan. Plan and the ESPP.

Plan category	Plan category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (1)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in the first column)	Plan category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (1)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights		Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (excluding securities reflected in the first column) (2)
Equity compensation plans approved by security holders	Equity compensation plans approved by security holders	250,077	$ 115.33	1,177,991	Equity compensation plans approved by security holders	586,696	$ 52.63	1,776,308	1,776,308
Equity compensation plans not approved by security holders	Equity compensation plans not approved by security holders	—	—	—	Equity compensation plans not approved by security holders			—	
Total	Total	250,077	$ 115.33	1,177,991					

(1) The number of shares shown in this column represents the number of shares available for issuance pursuant to stock options and other stock-based awards that were previously granted and were outstanding as of December 31, 2022 December 31, 2023 under the 2006 Plan.

(2) The number of shares shown in this column represents 792,338 shares available for issuance under the 2006 Plan and 983,970 shares available for issuance under the ESPP.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence.***

The information required by Item 13 is incorporated by reference from our 2023 2024 Proxy Statement under the sub-captions "*Certain Relationships and Related Party Transactions*" and "*Independence of the Board*" under the caption "*Corporate Governance*"; Statement; provided that if our 2023 2024 Proxy Statement is not filed on or before April 30, 2023 April 29, 2024, such information will be included in an amendment to this Annual Report on Form 10-K filed on or before such date.

Item 14. ***Principal Accounting Fees and Services*.**

The information required by Item 14 is incorporated by reference from our 2023 2024 Proxy Statement under the caption "*Independent Registered Public Accountants*"; Statement; provided that if our 2023 2024 Proxy Statement is not filed on or before April 30, 2023 April 29, 2024, such information will be included in an amendment to this Annual Report on Form 10-K filed on or before such date.

PART IV

Item 15. ***Exhibits, Financial Statement Schedules.***

(a)(1) Financial Statements

The following consolidated financial statements including footnotes are included in Item 8.

- Consolidated Balance Sheets at December 31, 2022 December 31, 2023 and 2021; 2022;
- Consolidated Statements of Operations for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020; 2021;
- Consolidated Statements of Cash Flows for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020; 2021; and
- Consolidated Statements of Stockholders' Equity for the years ended December 31, 2022 December 31, 2023, 2021 2022 and 2020. 2021.

(2) Financial Statement Schedules

Schedule II Valuation and Qualifying Accounts

			Additions			
	Balance at beginning of period	**Balance at beginning of period**	**Charged to costs and expenses**	**Charged to other accounts**	**Deductions**	
Year Ended December 31, 2023:		Year Ended December 31, 2023:				
Allowance for doubtful accounts						
	Balance at beginning of period	**Charged to costs and expenses**	**Charged to other accounts**	**Deductions**	**Balance at end of period**	
Year Ended December 31, 2022:						
Year Ended December 31, 2022:						
Year Ended December 31, 2022:	Year Ended December 31, 2022:					

Allowance for doubtful accounts	Allowance for doubtful accounts	$	2,296	$	2,690	$	—	$	(2,908)	(1)	$ 2,078
Year Ended December 31, 2021:	Year Ended December 31, 2021:										
Year Ended December 31, 2021:											
Year Ended December 31, 2021:											
Allowance for doubtful accounts	Allowance for doubtful accounts	$	2,403	$	1,740	$	—	$	(1,847)	(1)	$ 2,296
Year Ended December 31, 2020:											
Allowance for doubtful accounts		$	5,933	$	642	$	—	$	(4,172)	(1)	$ 2,403

Notes:

(1) Write-offs, net of recoveries.

All other schedules are omitted because they are not applicable or the required information is shown in our financial statements or the related notes thereto.

(3) Exhibits

Exhibit Number	Description
2.1	Stock Purchase Agreement, dated as of September 28, 2020, by and among OEP AM, Inc., the Company, Socrates LLC and OEP AM Holdings, LLC (Incorporated by reference to Exhibit 2.1 to the registrant's current report on Form 8-K filed with the SEC on September 29, 2020).
2.2	Agreement and Plan of Merger, dated as of July 25, 2021, by and among Care Finders Total Care LLC, the registrant, Socrates Health Holdings, LLC, Saints Merger Sub, LLC, and Shareholder Representative Services LLC (Incorporated by reference to Exhibit 2.1 to the registrant's current report on Form 8-K filed with the SEC on July 26, 2021).
2.3	Securities Purchase Agreement, dated as of August 2, 2021, by and among VRI Ultimate Holdings, LLC, VRI Intermediate Holdings, LLC, the registrant and Victory Health Holdings, LLC (Incorporated by reference to Exhibit 2.1 to the registrant's current report on Form 8-K filed with the SEC on August 3, 2021).
3.1	Second Amended and Restated Certificate of Incorporation of the registrant, as filed with the Secretary of State of Delaware on December 9, 2011 (Incorporated by reference to Exhibit 3.1 to the registrant's annual report on Form 10-K filed with the SEC on March 1, 2021).
3.2	Certificate of Amendment to the Second Amended and Restated Certificate of Incorporation of the registrant, dated as of May 6, 2015 (Incorporated by reference to Exhibit 3.1 to the registrant's current report on Form 8-K filed with the SEC on May 7, 2015).
3.3	Second Amendment to the Second Amended and Restated Certificate of Incorporation of the registrant, effective January 6, 2021 (Incorporated by reference to Exhibit 3.1 to the registrant's current report on Form 8-K filed with the SEC on January 6, 2021).
3.4	Third Amendment to the Second Amended and Restated Certificate of Incorporation of the registrant, effective June 13, 2023 (Incorporated by reference to Exhibit 3.1 to the registrant's current report on Form 8-K filed with the SEC on June 15, 2023).
3.5	Amended and Restated Bylaws of the registrant, effective January 6, 2021 (Incorporated by reference to Exhibit 3.2 to the registrant's current report on Form 8-K filed with the SEC on January 6, 2021).
3.6	Amendment to the Amended and Restated Bylaws of the registrant, effective June 13, 2023 (Incorporated by reference to Exhibit 3.2 to the registrant's current report on Form 8-K filed with the SEC on June 15, 2023).
4.1 4.1*	Description of the registrant's securities registered pursuant to Section 12 of the Exchange Act (Incorporated by reference to Exhibit 4.1 to the registrant's annual report on Form 10-K filed with the SEC on March 1, 2021). Act.
4.2	Indenture for 5.875% Senior Notes Due 2025 dated as of November 4, 2020, between the registrant and The Bank of New York Mellon Trust Company, N.A., as trustee (Incorporated by reference to Exhibit 4.1 to the registrant's current report on Form 8-K filed with the SEC on November 12, 2020).
4.3	Indenture for 5.000% Senior Notes Due 2029 dated as of August 24, 2021, between ModivCare Escrow Issuer, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (Incorporated by reference to Exhibit 4.1 to the registrant's current report on Form 8-K filed with the SEC on August 24, 2021).
10.1†	Credit Agreement dated as of February 3, 2022, among the registrant, the co-syndication agents party thereto, the co-documentation agents party thereto, the lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (Incorporated by reference to Exhibit to the registrant's current report on Form 8-K filed with the SEC on February 4, 2022).
10.2+ 10.2	Employment Amendment No. 1, dated as of June 26, 2023, to Credit Agreement, dated November 29, 2019 as of February 3, 2022, by among ModivCare Inc., the co-syndication agents party thereto, the co-documentation agents party thereto, the lenders party thereto and among the registrant, ModivCare Solutions, LLC and Daniel E. Greenleaf JPMorgan Chase Bank, N.A., as Administrative Agent (Incorporated by reference to Exhibit 10.1 to the registrant's current report on Form 8-K filed with the SEC on December 2, 2019 June 26, 2023).
10.3+	Offer Letter, dated February 22, 2021, by and among the registrant, ModivCare Solutions, LLC and L. Heath Sampson. (Incorporated by reference to Exhibit 10.3 to the registrant's annual report on Form 10-K filed with the SEC on March 1, 2022).
10.4+	Offer Letter, dated July 26, 2021, by and among the registrant, ModivCare Solutions, LLC and Jonathan B. Bush. (Incorporated by reference to Exhibit 10.4 to the registrant's annual report on Form 10-K filed with the SEC on March 1, 2022).

10.5+	Offer Letter, dated July 22, 2021, by and among the registrant, ModivCare Solutions, LLC and Kenneth Shepard.(Incorporated by reference to Exhibit 10.5 to the registrant's annual report on Form 10-K filed with the SEC on March 1, 2022).
10.6+ 10.4+	Offer Letter, dated October 14, 2021 July 31, 2023, by and among between the registrant ModivCare Solutions, LLC and Grover Wray. (Incorporated by reference to Exhibit 10.6 to the registrant's annual report on Form 10-K filed with the SEC on March 1, 2022).
10.7+	Offer Letter, dated January 27, 2020, by and among the registrant, ModivCare Solutions, LLC and Walt Meffert.(Incorporated by reference to Exhibit 10.7 to the registrant's annual report on Form 10-K filed with the SEC on March 1, 2022).
10.8+	Offer Letter, dated March 22, 2022, by and among the registrant, ModivCare Solutions, LLC and Brett Hickman Barbara Gutierrez (Incorporated by reference to Exhibit 10.2 10.1 to the registrant's quarterly report on Form 10-Q for the quarter ended June 30, 2022 September 30, 2023 filed with the SEC on August 8, 2022 November 3, 2023).
10.9+ 10.5*	Offer Letter, datedMarch 15, 2023, by and between the registrant and Anne Bailey.
10.6*	Offer Letter, dated July 18, 2023, by and between the registrant and Henry Toledo.
10.7+	Offer Letter, dated March 25, 2022, by and among the registrant, ModivCare Solutions, LLC and Ilias Simpson (Incorporated by reference to Exhibit 10.3 to the registrant's quarterly report on Form 10-Q for the quarter ended June 30, 2022 filed with the SEC on August 8, 2022).
10.10+ 10.8+	Offer Letter, dated August 22, 2022, by and among the registrant, ModivCare Solutions, LLC and Rebecca Orcutt (Incorporated by reference to Exhibit 10.1 to the registrant's quarterly report on Form 10-Q for the quarter ended September 30, 2022 filed with the SEC on November 8, 2022).
10.11*+ 10.9+	Director Compensation Summary
10.12+10.10+	The Company's 2006 Long-Term Incentive Plan, as amended and restated effective July 27, 2016 (Incorporated by reference to an appendix to the registrant's definitive proxy statement filed under cover of Schedule 14A with the SEC on June 14, 2016).
10.13+10.11+	Form of Restricted Stock Agreement (Incorporated by reference to Exhibit 10.1 to the registrant's quarterly report on Form 10-Q for the quarter ended September 30, 2019 filed with the SEC on November 7, 2019).
10.14+10.12+	Form of Restricted Stock Unit Agreement (Incorporated by reference to Exhibit 10.25 to the registrant's annual report on Form 10-K for the year ended December 31, 2020 filed with the SEC on March 1, 2021).
10.15+10.13+	Form of Stock Option Agreement (Incorporated by reference to Exhibit 10.26 to the registrant's annual report on Form 10-K for the year ended December 31, 2020 filed with the SEC on March 1, 2021).
10.16+10.14+	Form of 2022 Performance Restricted Stock-Unit Agreement (Incorporated by reference to Exhibit 10.1 to the registrant's quarterly report on Form 10-Q for the quarter ended March 31, 2022 filed with the SEC on May 5, 2022).
10.15+	Form of 2023 Performance Restricted Stock-Unit Agreement (Incorporated by reference to Exhibit 10.1 to the registrant's quarterly report on Form 10-Q for the quarter ended March 31, 2023 filed with the SEC on May 4, 2023).
10.17+ 10.16+	Employee Stock Purchase Plan (Incorporated by reference to Appendix B to the Registrant's definitive proxy statement filed with the SEC under cover of Schedule 14A on May 2, 2022).
10.1810.17	Second Amended and Restated Limited Liability Company Agreement of Mercury Parent, LLC, dated February 16, 2018, by and between Prometheus Holdco, LLC and Mercury Fortuna Buyer, LLC (Incorporated by reference to Exhibit 10.26 to the registrant's annual report on Form 10-K for the year ended December 31, 2017 filed with the SEC on March 9, 2018).
10.1910.18	Registration Indemnification Agreement, dated May 9, 2018, between the registrant, Coliseum Capital Partners, L.P., Coliseum Capital Partners II, L.P., Coliseum Capital Co-Invest, L.P. and Blackwell Partners, LLC - Series A (Incorporated by reference to Exhibit 10.33 to the registrant's Registration Statement on Form S-1 filed with the SEC on May 9, 2018).
10.20+10.19+	Transition Separation Agreement and General Release, dated December 15, 2022 May 1, 2023, by and between ModivCare Solutions, LLC and Walt Meffert Grover Wray (Incorporated by reference to Exhibit 10.2 to the registrant's quarterly report on Form 10-Q for the quarter ended March 31, 2023 filed with the SEC on May 4, 2023).
10.21+10.20+	The Registrant's Executive Deferred Compensation Plan, as amended and restated effective December 1, 2008(Incorporated by reference to Exhibit 10.21 to the registrant's annual report on Form 10-K filed with the SEC on March 7, 2023).
21.1*	Subsidiaries of the Registrant.

23.1*	Consent of KPMG LLP.
23.2*	Consent of Deloitte & Touche LLP (Mercury Parent, LLC financial statements).
31.1*	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer.
31.2*	Rule 13a-14(a)/15d-14 Certification of Chief Financial Officer.
32.1**	Section 1350 Certification of Chief Executive Officer.
32.2**	Section 1350 Certification of Chief Financial Officer.
97.1*	Clawback Policy, as effective November 2, 2023.
101. INS*	Inline XBRL Instance Document
101.SCH*	Inline XBRL Schema Document
101.CAL*	Inline XBRL Calculation Linkbase Document
101.LAB*	Inline XBRL Label Linkbase Document
101.PRE*	Inline XBRL Presentation Linkbase Document
101.DEF*	Inline XBRL Definition Linkbase Document
104	Cover page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

+ Management contract or compensatory plan or arrangement.

* Filed herewith other than by incorporation by reference.

** Furnished herewith.

† Certain schedules and exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. The descriptions of the omitted schedules and exhibits are contained within the agreement. The Company hereby agrees to furnish a copy of any omitted schedule or exhibit to the SEC upon request.

Item 16. Form 10-K Summary.

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

ModivCare Inc.

By: /s/ L. Heath Sampson

L. Heath Sampson
Chief Executive Officer

Dated: March 6, 2023 February 23, 2024

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ L. HEATH SAMPSON L. Heath Sampson	Chief Executive Officer and Director (Principal Executive Officer)	March 6, 2023 February 23, 2024
/s/ L. HEATH SAMPSONBARBARA GUTIERREZ L. Heath SampsonBarbara Gutierrez	Chief Financial Officer (Principal Financial Officer)	March 6, 2023 February 23, 2024
/s/ REBECCA ORCUTT Rebecca Orcutt	Chief Accounting Officer (Principal Accounting Officer)	March 6, 2023 February 23, 2024
/s/ CHRISTOPHER S. SHACKELTON Christopher S. Shackelton	Chairman of the Board	March 6, 2023 February 23, 2024
/s/ TODD J. CARTER Todd J. Carter	Director	March 6, 2023 February 23, 2024
/s/ DAVID A. COULTER David A. Coulter	Director	March 6, 2023 February 23, 2024
/s/ RICHARD A. KERLEY Richard A. Kerley	Director	March 6, 2023 February 23, 2024
/s/ LESLIE V. NORWALK Leslie V. Norwalk	Director	March 6, 2023 February 23, 2024
/s/ FRANK J. WRIGHT Frank J. Wright	Director	March 6, 2023 February 23, 2024
/s/ RAHUL SAMANT Rahul Samant	Director	March 6, 2023 February 23, 2024
/s/ STACY SAAL Stacy Saal	Director	March 6, 2023
/s/ GARTH GRAHAM Garth Graham	Director	March 6, 2023 February 23, 2024

Exhibit 10.11

MODIVCARE INC.

DIRECTOR COMPENSATION SUMMARY

As compensation for their service as directors of ModivCare Inc. (the “Company”), each non-employee member of the Board of Directors (the “Board”) receives an annual retainer composed of a combination of cash and Company equity. All retainers are prorated for partial periods of service.

Each non-employee member of the Board receives an annual cash retainer of $85,000. For service as committee chairs, the Chairperson of the Audit Committee receives an additional cash retainer of $35,000 and the Chairpersons of the Compensation Committee and Nominating and Governance Committee each receives an additional cash retainer of $20,000. For service as Chairman of the Board, the Chairman of the Board receives an additional cash retainer of $35,000. Members of the Audit Committee, the Compensation

Committee and the Nominating and Governance Committees (other than the Chairpersons) receive an additional cash retainer of $15,000, $7,500 and $7,500, respectively. Payment of the cash retainers are made on a monthly basis in advance of each month of service.

The Company's target value of the equity retainer for non-employee members of the Board is currently $130,000, based on the closing stock price of the Company's common stock as reported on the Nasdaq Stock Market on the grant date. Except for certain expense reimbursements noted below, no additional payments are made to non-employee members for participating in Board and committee meetings. Non-employee members of the Board are offered the opportunity (as approved by the Board) to elect to receive unrestricted shares of common stock in lieu of the cash component of the retainer.

Non-employee directors are reimbursed for reasonable expenses incurred in connection with attending meetings of the Board and meetings of Board committees.

TRANSITION AGREEMENT

This Transition Agreement ("Transition Agreement") is entered into on December 15, 2022, between Walt Meffert ("Employee") and Modivcare Solutions, LLC (the "Company"), collectively referred to as the "Parties."

By this Transition Agreement, Employee and the Company desire to define Employee's obligations to the Company, facilitate his transition, and resolve any claims or disputes Employee may have with the Company, including but not limited to any and all claims arising out of or in any way related to Employee's employment with or separation from the Company.

In consideration of all mutual promises herein and other good and valuable consideration, the sufficiency of which is hereby acknowledged, Employee and the Company hereby agree as follows:

1. Prior Agreements. Employee and the Company agree that all the terms of this Transition Agreement are contained in this document and that, except as expressly provided herein, this Transition Agreement does not supersede, replace, or modify any prior agreements between Employee and the Company setting forth any other post-employment obligations that Employee owes the Company, including but not limited to the non-competition, non-solicitation, and confidentiality post-employment obligations set forth in the Restrictive Covenants Agreement that Employee entered into on or about May 7, 2021 (the "RCA"); provided that, to the extent any provisions of this Transition Agreement and the RCA conflict, this Transition Agreement shall control. Employee is not relying upon any other agreement, representation, statement, omission, understanding, or course of conduct that is not expressly set forth in this Transition Agreement.

2. Characterization of Separation. Employee acknowledges and agrees his separation of employment from the Company will be characterized and treated as a "voluntary resignation other than for Good Reason" under the terms of the Company's Severance Policy for Executive Leaders. Should a future or potential employer of Employee solicit a reference from the Company on behalf of Employee, the Company will follow its general policy of providing only Employee's dates of employment and positions held, provided any requests for information are made through and responded to by Corporate Cost Control (800-207-6926).

3. Timing of Termination. The Parties agree that Employee will continue his employment in his current position from the date of this Agreement until December 31, 2022. From January 1, 2023 to March 31, 2023, Employee will be placed on a paid administrative leave, will not report to the workplace, and will be relieved of all duties, except for limited duties, if any, expressly assigned by the Company, including but not limited to answering any questions that the Company may pose). Employee will no longer be authorized to incur any expenses, obligations, and liabilities on behalf of the Company as of January 1, 2023. Collectively, this period from the date of this Transition Agreement until March 31, 2023 will constitute the "Transition Period"; provided that (i) the Transition Period can be terminated sooner than March 31, 2023 for any reason at the Company's sole discretion, except that, if terminated by the Company for a reason other than Employee's failure to perform his duties in Good Faith, the Company will continue

Exhibit 4.1

to pay Employee his current base salary through March 31, 2023; (ii) the Transition Period can be extended past March 31, 2023 for any reason at the Company's sole discretion, with Employee's consent; and (iii) the Transition Period will terminate if Employee fails to perform his duties in Good Faith (as defined below in Section 4) and the Company, at its option, chooses to terminate the Transition Period immediately, as set forth in Section 4. The Parties acknowledge and agree that the Transition Period will begin on the date that both parties execute this Transition Agreement and that the Transition Period will automatically terminate on March 31, 2023, unless (i) the Company exercises its discretion to extend (with Employee's consent) or reduce the Transition Period under this Section and/or (ii) the Transition Period terminates because Employee fails to perform his duties in Good Faith as set forth in Section 4. Except as expressly provided in this Transition Agreement, Employee's employment will immediately terminate upon the expiration of the Transition Period, and all compensation, benefits, equity vesting, and any other perquisites of employment will cease upon the termination of the Transition Period. DESCRIPTION OF THE REGISTRANT'S SECURITIES

REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES

Notwithstanding the foregoing, the Company acknowledges and agrees that the short-term incentive plan ("STIP") bonus it will pay Employee for work performed in 2022 will be in accordance with the same criteria and timing as STIP bonuses paid to other, similarly situated Company employees, based on the Company's 2022 results. Employee acknowledges and agrees that the Company will not pay Employee any portion of any STIP (or other) bonus for work, if any, performed in 2023.

During the Transition Period, Employee will continue to receive his current base salary of $400,000 in the same manner to which Employee was entitled immediately prior to the Transition Period, except to the extent there are any changes in payroll or other company practices during the Transition Period which affect the general employee population.

4. Good Faith Performance During the Transition Period. If Employee fails to perform any duties in Good Faith during the Transition Period, the Company may, at its option, choose to terminate the Transition Period immediately, in which case, Employee's separation will still be characterized and treated as a voluntary resignation. Notwithstanding any other provisions in this Agreement, if the Transition Period terminates before March 31, 2023 due to Employee's failure to perform in Good Faith, Employee acknowledges and agrees he will not be entitled to any of the consideration set forth in this Agreement, including but not limited to the consideration set forth in Section 5, nor will he be entitled to any other severance benefits.

"Good faith" as used herein means that Employee will (i) use all reasonable efforts to perform his duties and discharge his responsibilities competently, carefully, faithfully, and as directed by his managers, provided that, during the period that he is on administrative leave, Employee's duties and responsibilities will be limited to those duties and responsibilities, if any, that the Company expressly assigns him, including but not limited to answering questions from the Company; (ii) devote his full time and effort to performing his job duties, provided that, during the period that he is on administrative leave, Employee will only be obligated to devote his time and effort as needed to perform the duties, if any, expressly assigned to him by the Company, including but not limited to answering questions from the Company; (iii) ensure that Employee's interactions with managers and co-employees remain constructive and positive; (iv)

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refrain from engaging in acts detrimental to the best interests of the Company; and (v) comply fully with all of the Company's policies and practices. To the extent the Company determines Employee is no longer performing his duties in Good Faith, it shall notify Employee in writing and Employee shall have two business days to cure the identified deficiencies.

5. Consideration. Subject to both (i) Employee executing (and not revoking) a general release in a form substantially similar to the Confidential Voluntary Separation Agreement and General Release attached as Exhibit A to this Transition Agreement on March 31, 2023; and (ii) Employee performing (or being relieved from performing) his duties in Good Faith for the full duration of the Transition Period, the Parties agree that, as consideration:

   a. The Company will pay Employee a total of $400,000 (representing 12 months of Employee's current base salary), minus required tax and other withholdings (the "Severance Payment"), which will be reported as wages and paid over the course of 12 months in biweekly installments consistent with the Company's normal payroll cycle, starting with the next regular payroll after the expiration of the revocation period provided for in the general release that is in a form substantially similar to Exhibit A to this Transition Agreement.

   b. Subject to Employee's enrollment in continuation coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Company will fully subsidize COBRA coverage for 12 months, which will be paid directly by the Company to the carrier once Employee elects COBRA coverage. Should Employee decide to continue COBRA coverage after the expiration of the fully-subsidized period of time, Employee will need to pay the full premium plus any applicable administrative fee directly to the COBRA administrator.

c. The Company will agree to modify the employee and independent contractor non-solicitation obligations contained in Section 3(c)(i) of the RCA so that Employee may (i) solicit, knowingly induce, and/or encourage Mike Diamond, Larry Witte, Greg Robinson, and/or Doug Longbottom to leave the employment of the Company; (ii) hire Mike Diamond, Larry Witte, Greg Robinson, Doug Longbottom, and/or Erin Mayor on his own behalf or on behalf of any other person or entity; and (iii) solicit, knowingly induce, and/or encourage to leave the employment or any other service of the Company and/or hire on his own behalf or on behalf of any other person or entity any employee or independent contractor who provided services to the Company during the one year period preceding Employee's separation, provided that the Company's General Counsel or their designee first consents in writing, such consent not to be unreasonably withheld. For the avoidance of doubt, this Transition Agreement does not supersede, replace, or modify any provision of the RCA other than its Section 3(c)(i).

Employee acknowledges that the Company has made no representation about the tax consequences of the Severance Payment or any other consideration provided by the Company to Employee pursuant to this Transition Agreement. Employee agrees to indemnify and hold the Company harmless for any and all claims, taxes, or penalties asserted against the Company

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relating to the Severance Payment or other consideration provided by the Company pursuant to this Transition Agreement.

6. <u>Treatment of Equity Awards</u>. The Parties agree and acknowledge that Employee's equity grants will be treated in accordance with the terms of Employee's individual grant agreements and the terms of the Company's 2006 Long-Term Incentive Plan, as amended from time to time. For the avoidance of doubt, so long as Employee performs his duties in Good Faith during the Transition Period, Employee's equity grants will continue to vest in accordance with their terms during the Transition Period.

7. <u>Valid Consideration</u>. Employee acknowledges that the consideration referenced in Section 5, above, is in addition to any wages or other compensation owed to Employee, and that, separate from the terms of this Transition Agreement, Employee is not otherwise entitled to the consideration referenced in Section 5.

8. <u>Voluntary Execution of Agreement</u>. Employee acknowledges and agrees that Employee executed this Transition Agreement voluntarily and without any duress or undue influence on the part or behalf of the Company or any third party.

9. <u>At-Will Employment</u>. Notwithstanding any other provisions herein, Employee will be continue to be an at-will employee of the Company, and Employee or the Company may terminate Employee's employment with the Company for any reason or for no reason at any time; provided that, if Employee terminates his employment with the Company prior to the expiration of the Transition Period, he will not be entitled to any of the consideration set forth in this Transition Agreement, including but not limited to the Severance Payment set forth in Section 5.

10. <u>Future Cooperation</u>. Employee agrees to make himself available and to fully cooperate, at the Company's request, with the Company in investigating or defending any potential, threatened, or actual grievance, claim, or litigation that currently exists or may arise subsequent to the execution of this Transition Agreement. The Company shall make such requests for assistance with reasonable advance notice to Employee. Such cooperation includes meeting with the Company's representatives (e.g., legal counsel) to fully and truthfully discuss and review any issues with which Employee was directly or indirectly involved during his employment; participating in any investigation conducted by the Company or any governmental or regulatory entity; signing declarations or witness statements provided that Employee confirms they are true; preparing for and serving as a witness in any civil, administrative, or regulatory proceeding; reviewing documents as requested by the Company; and performing similar activities that the Company deems necessary.

IN WITNESS WHEREOF, the Parties hereto have executed this Transition Agreement as of the date first written above. EXCHANGE ACT OF 1934

Employee

/s/ Walt Meffert___________
Walt Meffert

Modivcare Solutions, LLC

DESCRIPTION OF CAPITAL STOCK

By: /s/ L. Heath Sampson
L. Heath Sampson

Its: President & Chief Executive Officer

Exhibit A

CONFIDENTIAL VOLUNTARY SEPARATION AGREEMENT AND GENERAL RELEASE

This Confidential Voluntary Separation Agreement and General Release (“Agreement”) is entered into between Walt Meffert (“Employee”) and Modivcare Solutions, LLC (the “Company”), collectively referred to as the “Parties.”

Employee voluntarily resigned from his employment with the Company effective March 31, 2023. By this Agreement, Employee and the Company desire to facilitate his transition and resolve any claims or disputes Employee may have at the time this Agreement is executed by the Parties.

In consideration The following summary of all mutual promises herein and other good and valuable consideration, the sufficiency of which is hereby acknowledged, Employee and the Company agree:

1. Voluntary Resignation Other than for Good Reason. By signing this Agreement, Employee voluntarily tenders his resignation, effective as of March 31, 2023 (“the Separation Date”). Employee acknowledges and agrees he is voluntarily resigning his employment with the Company. Employee further acknowledges and agrees that his resignation will be characterized and treated as a “voluntary resignation other than for Good Reason” under the terms of ModivCare Inc. (the “*Company*”) *capital stock is based upon the Company’s Severance Policy for Executive Leaders Second Amended and that he Restated Certificate of Incorporation, as amended (the “Certificate of Incorporation”), and the Company’s Amended and Restated Bylaws, as amended (the “Bylaws”). The summary is not entitled complete, and is qualified by reference to any severance payments or other compensation pursuant the Certificate of Incorporation and the Bylaws, which are filed as exhibits to said Policy or the Restrictive Covenants Agreement that Employee entered into Company’s Annual Report on or about May 7, 2021 Form 10-K and are incorporated herein by reference. We encourage you to read the Company’s Certificate of Incorporation, Bylaws and the applicable provisions of the General Corporation Law of the State of Delaware (the “RCA” “DGCL”). for additional information.*

2. Consideration. The Company will pay Employee a total Authorized Shares of $400,000 (representing 12 months of Employee’s current base salary), minus required tax and other withholdings (the “Severance Payment”), which will be reported as wages and paid over the course of 12 months in biweekly installments consistent with the Company’s normal payroll cycle, starting with the next regular payroll following the Effective Date set forth in Section 13.

Subject to Employee’s enrollment in continuation coverage under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the Company will fully subsidize COBRA

coverage for 12 months, which will be paid directly by the Company to the carrier once Employee elects COBRA coverage. Should Employee decide to continue COBRA coverage after the expiration of the fully-subsidized period of time, Employee will need to pay the full premium plus any applicable administrative fee directly to the COBRA administrator.

The Company hereby agrees to modify the employee and independent contractor non-solicitation obligations contained in Section 3(c)(i) of the RCA so that Employee may (i) solicit, knowingly induce, and/or encourage Mike Diamond, Larry Witte, Greg Robinson, and/or Doug Longbottom to leave the employment of the Company; (ii) hire Mike Diamond, Larry Witte, Greg Robinson, Doug Longbottom, and/or Erin Mayor on his own behalf or on behalf of any other person or entity; and (iii) solicit, knowingly induce, and/or encourage to leave the employment or any other service of the Company and/or hire on his own behalf or on behalf of any other person or entity any employee or independent contractor who provided services to the Company during the one year period preceding Employee's separation, provided that the Company's General Counsel or their designee first consents in writing, such consent not to be unreasonably withheld. For the avoidance of doubt, this Agreement does not supersede, replace, or modify any provision of the RCA other than its Section 3(c)(i).

Employee acknowledges that the Company has made no representation about the tax consequences of the Severance Payment or any other consideration provided by the Company to Employee pursuant to this Agreement. Employee agrees to indemnify and hold the Company harmless for any and all claims, taxes, or penalties asserted against the Company relating to the Severance Payment or other consideration provided by the Company pursuant to this Agreement. Capital Stock

3. No Other Payment Obligations. Employee acknowledges that Employee has received all wages, compensation, bonuses, or other amounts owed to Employee, that Employee is only entitled to the consideration referenced in Section 2, above, if he executes and does not revoke this Agreement, and that, without this Agreement, Employee is not otherwise entitled to the consideration referenced in Section 2.

4. General Release. In consideration The aggregate number of the Company's agreements set forth in Section 2, Employee hereby and forever releases the Company and its officers, directors, employees, managers, supervisors, agents, attorneys, insurers, investors, shareholders, administrators, parents, affiliates, divisions, subsidiaries, predecessor and successor corporations, assigns, and any other related persons or entities ("the Releasees") from, and agrees not to sue concerning, any claim, complaint, charge, duty, obligation, or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, liquidated or contingent, that Employee may possess against any of the Releasees arising from any omissions, acts, or facts that have occurred up until and including the date on which Employee signs this Agreement including, without limitation:

a. any and all claims arising out of or relating to Employee's employment with or separation from the Company;

b. any and all public policy, contract, tort, or common law claims, including, but not limited to, wrongful discharge of employment, termination in violation of public policy, discrimination, harassment, retaliation, breach of contract (express and implied), breach of a covenant of good faith and fair dealing (express and implied), promissory estoppel, negligent or intentional infliction of emotional distress, negligent or intentional misrepresentation, negligent or intentional interference with contract or prospective economic advantage, unfair business practices, defamation, libel, slander, negligence, personal injury, assault, battery, invasion of privacy, false imprisonment, and conversion;

c. any and all claims or demands for wages, compensation or other amounts claimed to be due from the Company, including, but not limited to, claims for bonuses, commissions, stock, stock options, or any equity or ownership interest in the Company, vacation pay, personal time off, sick pay, fringe benefits, 401(k) match, expense reimbursements, or any other form of payment;

d. any and all claims for violation of federal, state, or local constitution, law, code, ordinance, statute, or other legislative enactment, as amended, including, but not limited to, the Americans with Disabilities Act; Title VII of the Civil Rights Act of 1964; the Civil Rights Act of 1991; the Genetic Information Nondiscrimination Act of 2008; the Civil Rights Acts of 1866 and 1871; Sections 1981 through 1988 of Title 42 of the United States Code; the Age Discrimination in Employment Act; the Older Workers Benefit Protection Act; the Equal Pay Act; the Fair Labor Standards Act; the Family and Medical Leave Act; the National Labor Relations Act; the Occupational Safety and Health Act; the Rehabilitation Act; Executive Order 11246; the Worker Adjustment and Retraining Notification Act; the Employee Retirement Income Security Act of 1974 ("ERISA"); the Lilly Ledbetter Fair Pay Act; the Families First Coronavirus Response Act; the Colorado Anti-Discrimination Act; the Colorado Labor Peace Act; the Colorado Wage Claim Act; the Colorado Lawful Off-Duty Activities

Statute; the Colorado Personnel Files Employee Inspection Right Statute; the Colorado Equal Pay for Equal Work Act; the Colorado HELP Rules; and the current Colorado Minimum Wage or COMPS Order, to the extent allowed under each such law;

e. any and all claims arising out of any other federal, state, or local statute, law, rule, regulation, or ordinance; and

f. any and all claims for damages (whether compensatory, punitive, or otherwise), attorneys' fees, and costs.

Employee expressly waives any right, claim, or cause of action that might arise as a result of information later learned by Employee.

Employee agrees that the release set forth in this Section 4 shall be and remains in effect in all respects as a complete general release. Employee agrees that in the event Employee brings a claim covered by the foregoing release in which Employee seeks damages or other remedies against the Releasees, this Agreement shall serve as a complete defense to such claims. Employee agrees that in the event any government agency pursues any such claim in Employee's name or on Employee's behalf, this Agreement shall serve as a bar to any recovery by or relief to Employee.

Employee agrees that any breach of this Section 4 shall constitute a material breach of this Agreement. Employee agrees to reimburse the Releasees for all costs, attorneys' fees, and any and all damages incurred by the Releasees in defending against a claim brought or pursued by Employee in violation of this Agreement.

This general release does not extend to the obligations of the Company created by this Agreement.

5. Affirmations. Employee affirms thatEmployee has not filed nor caused to be filed, nor is presently a party to, any claim against the Company.

Employee also affirms that Employee hasbeen paid and/or has received all compensation, wages, bonuses, commissions, benefits, stock options, restricted stock units, and/or other equity to which Employee may be entitled. Employee further affirms that Employee has been granted any leave to which Employee was entitled under the Family and Medical Leave Act or related state or local leave or disability accommodation laws.

Employee further affirms that Employee has no known workplace injuries or occupational diseases. Employee also affirms he has provided the Company with written notice of any and all concerns regarding suspected ethical and compliance issues or violations on the part of the Company or any released person or entity. Employee further affirms he has accurately reported all work activities, including those outside of Employee's scheduled hours, on breaks, or after shifts. Employee also affirms he has not incurred any job-related expenses for shares which the Company has not reimbursed Employee. authority to issue is 50,000,000 shares of capital stock, composed of 40,000,000 shares of common stock of a par value of $0.001 per share ("Common Stock"), and 10,000,000 shares of preferred stock of a par value of $0.001 per share ("Preferred Stock"). Our Common Stock is listed on The NASDAQ Global Select Market ("NASDAQ"), under the symbol "MODV".

Employee also affirms that Employee has not divulged any proprietary or confidential information of the Company and will continue to maintain the confidentiality of such information consistent with the Company's policies and/or relevant statutory or common law. Employee understands and acknowledges that, notwithstanding the provisions above, Employee will not be held criminally or civilly liable for any disclosure of any of the Company's proprietary or confidential information that Employee makes: Common Stock

a. *Voting Rights:*In confidence Pursuant to the Certificate of Incorporation, each holder of record of Common Stock shall have the right to one vote for each share of Common Stock registered in their name on the books of the Corporation on all matters submitted to a federal, state vote of stockholders except as the right to exercise such vote may be limited by the provisions of the Certificate of Incorporation or local government official, either directly of any class or indirectly, or to an attorney, solely for the purpose series of reporting or investigating a suspected violation Preferred Stock established thereunder. The holders of law; Common Stock do not have cumulative voting rights.

b. *Dividends*In a complaint or other document filed in a lawsuit or other proceeding when: Pursuant to the filing is made under seal; or Certificate of Incorporation, the holders of Common Stock will be entitled to such dividends as may be declared by the Board of Directors from time to time.

c. *Liquidation or Dissolution*To Employee's attorney: Upon our dissolution, liquidation or winding up, holders of our Common Stock are entitled to share ratably in a sealed court filing in a lawsuit alleging retaliation our net assets after payment or provision for reporting a suspected violation all liabilities and any preferential liquidation rights of law.

Employee affirms that Employee has returned all of the Company's property, documents, and/or any confidential information in Employee's possession or control. Employee also affirms that Employee is in possession of all of Employee's property that Employee had at the Company's premises and that the Company is not in possession of any of Employee's property.

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6. Confidentiality. Employee expressly agrees that he will keep the terms of this Agreement **STRICTLY CONFIDENTIAL**. Employee further agrees that he will not communicate (orally or in writing), or in any way voluntarily disclose or allow or direct others to disclose, the terms of this Agreement to any person, judicial or administrative agency or body, business entity or association, or anyone else for any reason whatsoever, unless required to do so to enforce the terms of this Agreement, or pursuant to lawful subpoena or to an order of a court of competent jurisdiction, except that Employee may disclose the terms of this Agreement to Employee's spouse, attorney, and tax or financial advisor. If disclosure is made to any of the persons listed in this Section 6, Employee agrees to inform such persons of the confidentiality requirements of this Agreement and will not make any disclosure to such persons without first obtaining the agreement of those persons to keep the information confidential. It is expressly agreed that the provisions of this Section are essential provisions of, and partial consideration for, this Agreement.

In the event that Employee is notified, or otherwise becomes aware, of any litigation, court order, or subpoena requiring or requesting disclosure of any information concerning this Agreement, its terms, or Employee's employment with the Company, Employee agrees to notify Jonathan Bush at jonathan.bush@modivcare.com, in writing, within 48 hours after Employee is notified or becomes aware of such litigation, court order, or subpoena and prior to disclosing any information concerning this Agreement, its terms, or Employee's employment with the Company.

Employee acknowledges and agrees that any breach of this Section 6 by any of the persons listed above is a material breach of this Agreement for which Employee is responsible. In addition, Employee shall reimburse the Company for any and all costs (including, but not limited to, attorneys' fees) incurred by the Company in enforcing the terms of this Section 6.

7. Employment References. The Company will follow its general policy of providing to future or prospective employers only Employee's dates of employment and positions held, provided any requests for information are made through and responded to by Corporate Cost Control (800-207-6926). our Preferred Stock then outstanding.

*8. Rights and Preferences*Assignment. Employee warrants that Employee has: Our holders of Common Stock have no preemptive rights to purchase shares of our capital stock. The issued and outstanding shares of our Common Stock are not assigned subject to any claims or redemption provisions and are not convertible into any other shares of our capital stock. All outstanding shares of our Common Stock are fully paid and non-assessable. The rights, released in this Agreement. preferences and privileges of holders of our Common Stock will be subject to those of the holders of any shares of our Preferred Stock outstanding at any time.

9. Nondisparagement. Employee agrees Anti-takeover Considerations and warrants that Employee will not disparage, defame, belittle, ridicule, discredit, denigrate, or in any other way harm or damage Special Provisions of Delaware Law, our Certificate of Incorporation and our Bylaws

Delaware Anti-takeover Law

We are subject to the reputation provisions of Section 203 of the Releasees, their products, services, businesses, activities, operations, affairs, or prospects. Employee further agrees and warrants that Employee will not make, file, prepare, report, or assist in making, filing, preparing, or reporting any disparaging remarks regarding the Releasees via the Internet or any news media. DGCL regulating corporate takeovers. This Section is not intended to preclude Employee section prevents Delaware corporations, under certain circumstances, from testifying truthfully in any case engaging in a court of law or before an administrative agency or from complying with a valid subpoena or court order.

10. Exceptions and Noninterference with Rights. Employee understands that nothing in this Agreement prohibits Employee from filing a charge or participating in an investigation

conducted by a federal, state, or local governmental agency. However, Employee agrees that this Agreement shall serve as a bar to any recovery by or relief to Employee.

Nothing in this Agreement is intended to waive Employee's claims (i) for workers' compensation benefits, (ii) for any medical benefits or any judgment or monetary awards or settlements that may arise related to medical benefits under any group health plan sponsored by the Company or any Releasee, (iii) for vested rights under ERISA-covered employee benefit plans as applicable on the date Employee signs this Agreement, (iv) that may arise after Employee signs this Agreement, or (v) that cannot be released by private agreement. This Agreement does not limit Employee's right to receive an award from any Regulator that provides awards for providing information relating to a potential violation of law. Please take notice that federal law provides criminal and civil immunity to federal and state claims for trade secret misappropriation to individuals who disclose a trade secret to their attorney, a court, or a government official in certain, confidential circumstances that are set forth at 18 U.S.C. §§ 1833(b)(1) and 1833(b)(2), related to the reporting or investigation of a suspected violation of the law, or in connection with a lawsuit for retaliation for reporting a suspected violation of the law.

11. No Admission of Wrongdoing. By entering into this Agreement, the Company does not admit that it engaged in any unlawful or improper conduct, or that it is legally obligated to Employee in any way.

12. Construction. The consideration stated herein is contractual and not merely a recital. The Parties hereto execute and deliver this Agreement after being fully informed of its terms, contents, and effects. The Parties acknowledge that both Parties have had a full opportunity to revise the language of the Agreement, and that, in the event of a dispute, the Agreement should not be construed in any way either for or against a party based on whether a particular party was or was not the primary drafter of this Agreement.

13. Effective Date. This Agreement shall become effective on the next calendar day following expiration of the revocation period provided for in Section 14 of this Agreement, if Employee does not revoke the Agreement (the "Effective Date").

14. Older Workers Benefit Protection Act Waiver. Employee acknowledges:

"business combination" with:

a. That Employee specifically intends that a stockholder who owns 15.0% or more of our outstanding voting stock or any of our affiliates or associates who owned 15.0% or more of our outstanding voting stock at any time within the claims he is releasing herein include any claims Employee may have under the Age Discrimination in Employment Act of 1967 ("ADEA"), past three years (either otherwise known as amended by the Older Workers Benefit Protection Act of 1990. EMPLOYEE, FREELY AND KNOWINGLY, AND AFTER DUE CONSIDERATION, ENTERS INTO THIS AGREEMENT INTENDING TO WAIVE, SETTLE, AND RELEASE ALL CLAIMS EMPLOYEE HAS OR MIGHT HAVE AGAINST THE COMPANY AND THE OTHER RELEASEES AS OF THE DATE OF EXECUTION OF THIS AGREEMENT. an interested stockholder);

b. That Employee is not waiving rights and claims that Employee may have under the ADEA against the Company that may arise after the date on which this Agreement is executed. an affiliate of an interested stockholder; or

c. an associate of an interested stockholder;

for three years following the date that the stockholder became an interested stockholder. A "business combination" includes a merger or sale of more than 10.0% of our assets.

The foregoing provisions of Section 203 do not apply, however, if:

a. prior to the date of the business combination with the interested stockholder, our board of directors approved the transaction that made the stockholder an interested stockholder;
b. upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, that stockholder owned at least 85.0% of our voting stock outstanding at the time the transaction commenced, excluding shares owned by our officers and directors and those owned under certain employee stock plans; or
c. That Employee on or subsequent to the date of the transaction, the business combination is advised approved by our board of directors and authorized at a meeting of our stockholders by an affirmative vote of at least two-thirds of the outstanding voting stock not owned by the interested stockholder.

This statute could prohibit or delay mergers or other change in control attempts, and thus may discourage attempts to consult with acquire us.

Certificate of Incorporation and Bylaws

A number of provisions of our Certificate of Incorporation and Bylaws concern matters of corporate governance and the rights of our stockholders. Provisions that grant our board of directors the ability to issue shares of Preferred Stock and to set the voting rights, preferences and other terms thereof may discourage takeover attempts that are not first approved by our board of directors, including takeovers which may be considered by some stockholders to be in their best interests. Certain provisions could delay or impede the removal of incumbent directors or the assumption of control by stockholders, even if such removal or assumption would be beneficial to our stockholders. These provisions also could discourage or make more difficult a merger, tender offer or proxy contest, even if they could be favorable to the interests of stockholders, and could potentially depress the market price of our common stock. Our board of directors believes that these provisions are appropriate to protect our interests and the interests of our stockholders.

Preferred Stock: Our board of directors may from time to time authorize the issuance of up to 10,000,000 shares of Preferred Stock in one or more classes or series without stockholder approval. Subject to the provisions of our Certificate of Incorporation and limitations prescribed by law, our board of directors is authorized to adopt resolutions to, among other things, issue shares, establish the number of shares, change the number of shares constituting any series, and provide or change the voting powers, designations, preferences and relative rights, qualifications, limitations or restrictions on shares of our Preferred Stock, including dividend rights, terms of redemption, conversion rights and liquidation preferences, in each case without any action or vote by our stockholders. One of the effects of our undesignated Preferred Stock may be to enable our board of directors to discourage an attorney before signing this Agreement because he is permanently giving up legal rights. Employee acknowledges that he has been so advised attempt to consult with an attorney prior to signing this Agreement. obtain control of our Company by means of a tender offer, proxy contest, merger or otherwise.

*d. Classified board of directors*That Employee has read . Prior to the 2023 annual meeting of stockholders, our Certificate of Incorporation divided our board of directors into three classes as nearly equal in size as possible, with directors serving staggered three-year terms. Beginning at the 2023 annual meeting of stockholders, our Certificate of Incorporation was amended to provide for the phase-out of this Agreement, understands its classified board structure over a period of three years and to provide for the annual election of directors to one-year terms and when their current terms expire. Beginning with the fact that it releases any Company's 2025 annual meeting of stockholders, the declassification of the Board will be complete and all claims Employee directors will be subject to annual election for one-year terms or until their successors have been duly elected, or until their earlier death, resignation or removal. Until the phase-out of this classified board structure is complete, these provisions in our Certificate of Incorporation may have against the tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of our Company and enters into may maintain the incumbency of our board of directors, because this Agreement knowingly and voluntarily and without duress structure generally increases the difficulty of, or coercion from any source. may delay, replacing a majority of the directors.

*e. Removal of directors:*That this Agreement has been written in Our Certificate of Incorporation provides that, until the phase-out of the classified Board structure is complete, a manner calculated to director may be understood by Employee, and is in fact understood by Employee.

f. That Employee has been given a reasonable period of time (more than 21 calendar days) to consider this Agreement removed prior to signing this Agreement. The Parties agree that any material the expiration of his or non-material modification of this Agreement will not restart her term only for cause. Once the consideration period.

g. That this Agreement becomes null and void and of no further force or effect if Employee does not sign, date, and return this Agreement to the Company on March 31, 2023.

h. That Employee understands that he has 7 calendar days following his signing of this Agreement to revoke it (the "revocation period"). In order to effectively revoke this Agreement, Employee must provide notice of such revocation within 7 calendar days after he executes this Agreement to Jonathan Bush at jonathan.bush@modivcare.com. After 7 calendar days have passed following Employee's execution of this Agreement, Employee's execution shall be final and irrevocable.

i. That, if Employee revokes his release of any claim for violation declassification of the ADEA, the Company shall have the option, at its discretion, of rescinding this Agreement in its entirety. In the event of a revocation pursuant to this Section, and if the Company chooses not to rescind this Agreement in its entirety, the Agreement shall remain fully effective in all other respects, including, without limitation, as a release of all other claims released by Employee as described in Section 4 above.

15. Future Cooperation. Employee agrees to make himself available and to fully cooperate, at the Company's request, with the Company in investigating or defending any potential, threatened, or actual grievance, claim, or litigation that currently exists or may arise subsequent to the execution of this Agreement. The Company shall make such requests for assistance with reasonable advance notice to Employee. Such cooperation includes meeting Board is complete, beginning with the Company's representatives (e.g., legal counsel) to fully and truthfully

discuss and review 2025 annual meeting of stockholders, a director may be removed at any issues time with which Employee was directly or indirectly involved during his employment; participating in any investigation conducted by without cause. Whether it is with or without cause, the Company or any governmental or regulatory entity; signing declarations or witness statements provided that Employee confirms they are true; preparing for and serving as a witness in removal of

Exhibit 4.1

any civil, administrative, or regulatory proceeding; reviewing documents as requested by director requires the Company; and performing similar activities that affirmative vote of the holders of a majority of the voting power of all of the then outstanding shares of capital stock of the Company deems necessary. entitled to vote on the election of directors and voting together as a single class. These provisions in our Certificate of Incorporation may tend to discourage a third party from making a tender offer or otherwise attempting to obtain control of our Company and may maintain the incumbency of our board of directors, because this structure generally increases the difficulty of, or may delay, replacing a majority of the directors.

*16. Meetings of stockholders*Execution. Our Bylaws provide that annual meetings of Agreement. This Agreement our stockholders will take place at the time and place established by our board of directors. A special meeting of our stockholders may be executed in counterparts called at any time by a majority of the entire board of directors or our Chief Executive Officer, and shall be fully enforceable in called by a majority of the entire board or directors, or a committee delegated such authority by the board of directors following receipt by our secretary of a written request of stockholders holding of record at least 30.0% of the combined voting power of the then outstanding shares of all regards if executed in classes and series of capital stock entitled to vote at such manner as if it had been executed meeting, voting as a single document. Signatures obtained electronically shall constitute effective execution class, if such request complies with the other requirements of this Agreement.

17. Other Terms. Employee and the Company agree that all the terms of this Agreement are contained in this document; that this Agreement does not supersede, replace, or modify any prior agreements between Employee and the Company setting forth any other post-employment obligations that Employee owes the Company, including but not limited to the non-competition, non-solicitation, and confidentiality post-employment obligations set forth in the Bylaws. These provisions may make it more difficult for a stockholder to have considered at a meeting of the stockholders a matter that may face board of director opposition.

Filling of board vacancies. Vacancies on the board of directors and newly created directorships resulting from any increase in the authorized number of directors may be filled by the affirmative vote of a majority of our directors then in office. Until the phase-out of the classified Board structure is complete, each Board member appointed or elected to fill a vacancy will hold office for a term that coincides with the term to which such director was elected or appointed and until his or her successor is elected, except in the event of his or her earlier death, resignation or removal. These provisions may have the effect of delaying or impeding a proxy contest for a majority of the Company's board of directors.

Amendment of the Bylaws. Except as provided in the next sentence, our Bylaws may be amended or repealed by a majority of our board of directors. Notwithstanding the foregoing, any decision by the board of directors to repeal, alter or amend, or to adopt or readopt any bylaw inconsistent with a bylaw adopted or repealed, altered or amended by the stockholders of the Company shall, if such repeal, alteration or amendment is not approved by stockholders, require the affirmative vote of 66 2/3% of the directors then in office at any regular or special meeting of the board of directors. Any amendment or repeal of our Bylaws by our stockholders shall require for adoption the affirmative vote of the holders of at least a majority of the voting power of our then outstanding shares of capital stock entitled to vote at any duly convened annual or special meeting of the stockholders, in addition to any other approval which is required by law, the Certificate of Incorporation, the Bylaws or otherwise. The provisions may make it more difficult for a stockholder to eliminate or change any provisions of the Company's Bylaws with respect to which the stockholders may not agree.

Advance Notice Requirements: Our Bylaws establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of stockholders, including proposed nominations of candidates for election to the board of directors. In order for any matter to be "properly brought" before a meeting (and thereby considered or acted upon at such meeting), a stockholder will have to comply with certain advance notice requirements and provide us with certain information. Stockholders at an annual meeting will only be permitted to consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of the board f directors or by a stockholder of record on the record date for the meeting who is entitled to vote at the meeting and has delivered a timely notice, in the form and manner specified in the Bylaws, of such stockholder's intention to bring such business before the meeting. These provisions might preclude our stockholders from bringing matters before our annual meeting of stockholders or from nominating candidates for election to the board of directors, or might discourage or impede attempts by third parties to conduct a solicitation of proxies to elect their own slate of directors or otherwise obtain control of us.

Limitations on liability and indemnification of officers and directors

Our Certificate of Incorporation includes a provision that eliminates the personal liability of our directors for monetary damages for breach of fiduciary duty as a director, to the fullest extent permitted by the DGCL. Our Certificate of Incorporation also provides that we must indemnify our directors and officers to the fullest extent permitted by Delaware law and advance expenses to our directors and officers in connection with a legal proceeding

Exhibit 4.1

to the fullest extent permitted by Delaware law, subject to certain exceptions. We maintain directors' and officers' insurance for our directors, officers and some employees for specified liabilities.

The limitation of liability and indemnification provisions in our Certificate of Incorporation may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. They may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though an action of this kind, if successful, might otherwise benefit us and our stockholders. Furthermore, a stockholders' investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions. Nevertheless, the Company believes that these indemnification provisions are necessary to attract and retain qualified directors and officers.

Transfer agent and registrar

Computershare Investor Services, LLC is the transfer agent and registrar for our common stock.

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1 March 15, 2023 Anne Bailey 3153 Tamarac Street Denver, CO 80238 Dear Anne Bailey, It gives me great pleasure to offer you the President - Home position with Modivcare. In addition to confirming our offer, this letter will detail the terms and conditions of your employment and outline the current major features of Modivcare's compensation and benefit plans and practices. All offers of employment are contingent upon the completion of any required pre-employment screening and your ability to establish your identity and authorization to work in the United States. Please be sure to bring work authorization documentation with you on your first day of employment. Assumption of Duties: Your tentative start date will be March 20, 2023 for you to assume the position of President - Home. You will report to Heath Sampson, and will have responsibilities commensurate with your position/title. You will be based in the 6900 E Layton Avenue, Denver, Colorado location with the requirement to travel nationwide as requested per business need. Base Salary: Your initial base salary will be $500,000.00 payable in bi-weekly installments, less applicable taxes, deductions, and withholding. Short-Term Incentive Plan: You are eligible to participate in our Short-Term Incentive Plan (STIP) with a target of 100% of your base pay (regular actual earnings for the calendar year) as defined in the STIP document. The STIP will be payable, less applicable taxes and deductions. Long-Term Incentive Program: Subject to approval by the Compensation Committee of the Board of Directors, you will be eligible to receive an equity award with a target equal to 150% of your base salary. Additional details will be provided in a separate agreement, the execution of which will be a condition of the award. The terms of the Long- Term Incentive Program (LTIP) and the grant agreement will supersede any terms set forth in this offer letter. Any future allocations of LTIP awards are subject to the approval of the Compensation Committee. Sign-On Bonus: Subject to approval by the Compensation Committee of the Board of Directors, you will be eligible to receive a one-time equity award with a target value of $500,000.00 within the first 30 days of employment. Additional details will be provided in a separate agreement, the execution of which will be a condition of the award. Executive Non-qualified Deferred Compensation Plan: You are also eligible to participate in the Executive Non- qualified Deferred Compensation plan. Your participation in the plan will be subject to the provisions set forth in the official plan documents for the plan, and the terms of the plan will supersede any terms set forth in this letter.

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2 Total Rewards Benefits Programs: You will receive such benefits as are generally accorded to employees at Modivcare, subject to company policy and any applicable terms and conditions as they may be amended from time to time. Modivcare's current benefit program covers medical, dental, life, short-term and long-term disability insurance, flexible spending accounts, voluntary vision, voluntary life insurance, 401K, and paid time off. As part of our current benefit package, employees can elect medical and/or dental insurance. Please refer to the attached benefit summary for cost details. Also, currently included is a 100% company-paid short and long-term disability policy and a 100% company paid life insurance equaling one times annual salary up to $100,000.00. We also offer the opportunity to participate in voluntary vision, voluntary life insurance and both medical care and dependent care flexible spending accounts. You can enroll online in your benefit coverages after your hire date and during your first 30 days of employment. Your elected coverages will take effect the first of the month following your date of hire. If you miss your initial enrollment window, please note that you will need to wait until the next annual enrollment period. 401k Retirement Plan: Modivcare offers employees the opportunity to participate in a Traditional 401k (pre-tax) and/or Roth 401k (post-tax) retirement savings plan with an employer match contribution of 100% up to 6%, vested immediately. You are eligible to join the 401(k) Plan the first of the month following 30 days of employment. You must be 18 years of age or older. New hires that have met the eligibility requirements can make elections by accessing the 401k plan website at www.mkplan.com or contact ADP Retirement Services at 888-822-9238. You will be eligible for paid time off in accordance with company polices. Additionally, all employees receive ten company holidays throughout the calendar year. "At will" Employment and Termination of Employment: Your employment with Modivcare will be an employment "at will". This means that employees have the right to terminate their employment at any time and for any reason. Likewise, Modivcare reserves the right to discontinue your employment with or without cause at any time and for any reason. In the event that your employment with Modivcare is terminated (i) by Modivcare for any reason other than Cause (as defined below) and not due to your death or Disability (as defined below) or (ii) by you for Good Reason (as defined below), then Modivcare will pay to you your Accrued Compensation (as defined below), payable within 30 days after your termination (with the payment date during such 30 day period to be determined by Modivcare in its sole discretion). In the event that your employment is terminated by Modivcare for Cause, by you without Good Reason or as a result of your death or Disability, you will not be entitled to the severance compensation described below, but instead will only be entitled to payment of the Accrued Compensation through the date your employment terminates, payable within 30 days after your termination (with the payment date during such 30-day period to be determined by Modivcare in its sole discretion).

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3 In addition to the payment of the Accrued Compensation through the date of termination of your employment, should your employment be terminated by Modivcare without Cause or by you for Good Reason, you shall also be entitled to severance payments for a six-month period as outlined in the Restricted Covenants Agreement ("RCA") and in the Board's severance policy, after delivering to Modivcare a unilateral general release in a form acceptable to Modivcare, and such release becomes fully effective and irrevocable under applicable law and provided you are, and continue to be, in compliance with the RCA. For purposes of this letter: "Accrued Compensation" means, as of any date, the amount of any unpaid base salary earned by you through the date of the termination of your employment, and, other than in the case of a termination for Cause or resignation without Good Reason, any short-term cash incentive bonus earned by you, but not yet paid, for the most recently completed fiscal year prior to the termination of your employment. "Cause" shall mean (a) an intentional act of fraud, embezzlement, theft or any other material violation of law by you in the course of your employment; (b) the willful and continued failure to substantially perform your duties for the company (other than as a result of incapacity due to physical or mental illness); (c) conviction of a crime involving moral turpitude; or (d) any material violation of Modivcare's material written policies. "Disability" shall mean you are unable, by reason of mental or physical disability, incapacity or illness, to perform substantially all of your duties and obligations hereunder, which condition lasts for a continuous period in excess of three (3) months, or an aggregate period in excess of four (4) months in any one (1) calendar year. "Good Reason" shall mean (a) a material reduction in your job duties, responsibilities, and requirements inconsistent with your position with Modivcare and your prior duties, responsibilities and requirements; (b) a material reduction in your base compensation; or (c) relocation of your principal business location to another Modivcare facility or location more than 50 miles from Modivcare's location in Denver, Colorado. Restrictive Covenant Agreement and Assignment of Inventions Agreement: Modivcare intends to honor your ongoing confidentiality obligations and you agree to abide by Modivcare's strict company policy that prohibits any new employee from using or bringing with them from any prior employer any proprietary information, trade secrets, proprietary materials or processes of such former employers. You further represent and warrant that you have not and will not breach or violate any contract or legal obligation owed to any third party such as a prior employer. Upon starting employment with Modivcare you will be required to sign Modivcare's Restrictive Covenant Agreement (RCA) and Assignment of Inventions Agreement, a copy of which is provided herewith. At the termination of your employment, you will be reminded of your continuing duties under both agreements. Please read the which and Assignment of Inventions Agreement carefully. **IMPORTANT NOTICE: In Section 4 (Non-Competition) of the attached Restrictive Covenant Agreement (RCA), the restrictions created by such Section and Section 5(b) (Non-Solicitation) are considered COVENANTS NOT TO COMPETE for purposes of Colorado law that could restrict your options for subsequent employment following your separation from Modivcare. Please read them carefully before signing the RCA.

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4 Severability: In the event that any provision or portion of this letter shall be determined to be invalid or unenforceable for any reason, in whole or in part, the remaining provisions of this letter shall be unaffected thereby and
in accordance with their terms, except as expressly modified herein, to the fullest extent not prohibited by law. You provided the firm hereby agree the court or arbitrator making any such determination shall
modify and reform any parts of this letter determined to be invalid or unenforceable, necessary (and not further than necessary), so as to render them valid and enforceable, or if the court or arbitrator cannot so reform such
provision, then such part shall be deemed to have been stricken from this letter with the same force and effect as if such part or parts had never been included. Section 409A Compliance: This letter and all payments and benefits
hereunder are intended to be exempt from or otherwise comply with Section 409A so that none of the payments and benefits to be provided hereunder will be subject to the additional tax imposed under Section 409A, and
provisions ambiguities or ambiguous terms herein will be interpreted in that manner. Entire Agreement: This offer letter and the Restrictive Covenants Agreement constitutes the entire agreement between you and Modivcare pertaining to
the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties with respect to such subject matter. Upon your acceptance
Agreement and a prior offer of employment, please acknowledge your conflict, this Agreement shall control; that no statements or inducements have been made contrary to or in addition to the statements herein; that with
hereof are binding on and enforceable for set forth in this letter by signing in benefit of Employee's successors and assigns; that the Agreement shall be governed by Colorado law; and that the provisions designated space
below. A copy Agreement letter agreement is enclosed for your records. We severable, so that if any section excited about the opportunity to work with you and look forward to hearing your positive response to this letter by
March 17, 2023. If you agree with the terms Agreement, other than offer of employment, please electronically sign this letter using general release clause set forth at Section 4, is determined to be unenforceable, link in other
sections shall remain valid and fully enforceable.

Accepted and agreed as of email that sent this 31st day of March 2023.

letter. Sincerely, Larry Sampson Modivcare

Walt Meffert

Modivcare Solutions, LLC

By:
L. Heath Sampson

Its: President & Chief Executive Officer

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[Sample Deferral Plan 2008-12-01.docx] BST99 1605181-5.083572.0011 SPECIMEN FORM: There are many possible forms that could be used to implement a nonqualified deferred compensation plan that is subject to Section 409A. The advisability of using this form and the tax implications resulting from its adoption in its existing form should be determined by each company's attorney and other tax advisers, in light of circumstances, laws and regulations then applicable to the adopting company. This specimen is NOT a qualified plan for ERISA or income tax purposes. DEFERRED COMPENSATION PLAN Preamble This Plan is adopted as of the date and by the Company set forth in the attached Adoption Agreement, which is an integral part of this plan as it pertains to the Company. The Company, having been duly advised by its own counsel as to the legal and tax consequences of adopting this Plan, intends that the Plan shall at all times be administered and interpreted in such a manner as to constitute an unfunded plan for a select group of management or highly compensated employees who contribute materially to the management of the Company, so as to qualify for all available exemptions from the provisions of Title I of ERISA and to fulfill the applicable requirements of Section 409A of the Internal Revenue Code of 1986, as amended. ARTICLE 1 DEFINITIONS 1.1 DEFINED TERMS. Certain words and phrases are defined when first used in later paragraphs of this Plan or in the Adoption Agreement pursuant to which this Plan was adopted. In addition, the following words and phrases when used herein, unless the context clearly requires otherwise, shall have the following respective meanings: "Account" means, with respect to any Participant, a bookkeeping entry used as a measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan and subject to such limits, rules and procedures as the Committee from time to time may adopt under this Plan. The Committee and the Record Keeper may establish and use sub-accounts and other record keeping entries with respect to any Participant's Account, including without limitation any Deferral Account, Company Contribution Account and Company Discretionary Account applicable to such Participant. “Account Balance” means, with respect to any Participant at any particular time, the sum at such time of such Participant's (i) Deferral Account balance, (ii) Company Matching Account balance and (iii) Company Discretionary Account balance. The Account Balance shall be a bookkeeping entry only and shall be utilized solely as a measurement and determination of the amounts to be paid to a Participant, or his or her designated Beneficiary, pursuant to this Plan. "Advisor " shall have the meaning set forth in Section 6.10. “Adoption Agreement” means the agreement pursuant to which the Company has adopted this Plan, which Adoption Agreement is incorporated herein by reference, including without limitation any terms defined therein. Adoption Agreements may be completed and/or signed using such online systems and other electronic means as the Committee or Record Keeper from time to time may designate for such purpose.

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-2- BST99 1605181-5.083572.0011 “Affiliate” means a corporation, partnership, limited liability company or other entity that is required to be considered, together with the Company, as a single employer under Section 414(b) of the Code (employees of controlled group of Companys) or Section 414(c) of the Code (employees of partnerships or limited liability companies under common control). For purposes of determining a controlled group of Companys under Section 414(b), the language “at least 50 percent” shall be used instead of “at least 80 percent” each place it appears in Section 1563(a)(1), (2), and (3) of the Code. For purposes of determining trades or businesses that are under common control for purposes of Section 414(c) of the Code, “at least 50 percent” shall be used instead of “at least 80 percent” each place it appears in Treas. Reg. §1.414(c)-2. An entity shall not be considered an “Affiliate” for any period of time prior to satisfying the controlled group or common control tests described above. “Annual Company Discretionary Amount” means the benefit amount, if any, for any one Plan Year that is determined for a Participant in accordance with Section 3.5. “Annual Company Matching Amount” means the benefit amount, if any, for any one Plan Year that is determined for a Participant in accordance with Section 3.4. “Annual Deferral Amount” means that portion of a Participant's Pay Type(s) that a Participant elects to have deferred, and is deferred, in accordance with Article 3, for any one Plan Year. In the event of a Participant's Retirement, Disability, death or a Termination of Employment prior to the end of a Plan Year, such year's Annual Deferral Amount shall be the actual amount deferred in such Plan Year prior to such event. “Base Salary” means base salary earned with respect to services performed and payable in cash (before reductions for, contributions to or deferrals under this Plan or any other profit sharing, 401(k), pension, deferred compensation or benefit plan sponsored by the Company or any Affiliate), exclusive of any of the following: Bonuses, Commissions, overtime, incentive payments and other performance-based forms of compensation, director and other special fees, expense allowances and reimbursements, and any other forms of compensation, earnings or payments that are not regular in frequency and form. “Beneficiary” means one or more persons, trusts, estates, or other entities, designated in accordance with Article 8 that are entitled to receive benefits under this Plan upon the death of a Participant. "Beneficiary Designation Form" means the form attached as Exhibit D hereto or such other form established from time to time by the Committee that a Participant completes, signs and returns to the Company to designate one or more Beneficiaries. Beneficiary Designation Forms may be completed and/or signed using such online systems and other electronic means as the Committee or Record Keeper from time to time may designate for such purpose. "Bonus" means any compensation relating to services performed that is granted or awarded apart from Base Salary and Commissions and that is identified by the applicable Company or Affiliate as a "bonus" (before reductions for, contributions to or deferrals under this Plan or any other profit sharing, 401(k), pension, deferred compensation or benefit plan sponsored by the Company or any Affiliate). "Calendar Year" means the annual period measured from January 1 to December 31.

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-3- BST99 1605181-5.083572.0011 "Cause", unless otherwise defined in the Adoption Agreement, means: (a) with respect to each Participant who has an employment agreement containing a definition of "cause" or "for cause", said definition as set forth in his or her employment agreement; and (b) with respect to all other Participants, willfully engaging in misconduct which is demonstrably and materially injurious to the Company or any Affiliate, unless the act or omission giving rise to such misconduct is done, or omitted to be done, by a Participant in good faith and with a reasonable reason to believe that such action or omission was in the best interest of the Company and its Affiliates. “Change in Control” means, with respect to the employer of any particular Participant, the first to occur of any event constituting a change in the ownership or effective control of such employer, or in the ownership of a substantial portion of such employer's assets, determined objectively by the Committee in accordance with Section 409A Requirements. It is the Company's responsibility to determine whether a Change in Control has occurred to advise the Committee and the Record Keeper accordingly. "Change in Control Payment" shall have the meaning set forth in Section 6.10. “Claimant” shall have the same meaning set forth in Section 10.1. “Code” means the Internal Revenue Code of 1986, as the same may be amended from time to time. “Commission” means compensation, or portions of compensation, earned by a Participant for services that consist in substantial part in the direct sale of a product or service to a customer of the Company or of an Affiliate, which compensation consists of either a portion of the purchase price for the product or service or an amount calculated solely by reference to the volume of sales, and payment of which compensation is contingent upon the Company or applicable Affiliate's receipt of payment for the product or services from an unrelated customer (the determination of whether such customer is related to be made in accordance with applicable Section 409A Requirements). For purposes of this Plan, a Commission shall be deemed to have been earned, and a Participant's services for Commission compensation shall be deemed to have been performed, in the year in which the customer remits payment to the Company or applicable Affiliate for the product or services with respect to which the Commission is paid. "Committee" means the person(s) designated as Committee members in the Adoption Agreement or such other persons as the Company's Board of Directors from time to time may designate to serve as members of the Committee hereunder. In the absence of any Committee, or should the Committee be unable or unwilling to serve, the Company shall perform the duties of the Committee under this Plan. “Company” means the entity identified as the “Company” in the Adoption Agreement pursuant to which this Plan has been adopted. “Company Discretionary Account” means, with respect to any Participant (but subject in the case of each Participant to Section 3.7), an Account consisting of the sum of (i) all of the Participant's Annual Company Discretionary Amounts, plus (ii) Notional Investment Adjustments in value credited or debited thereon in accordance with Article 4 of this Plan, less (iii) all distributions from such account. “Company Matching Account” means, with respect to any Participant (but subject in the case of each Participant to Section 3.7), an Account consisting of the sum of (i) all of the Participant's

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-4- BST99 1605181-5.083572.0011 Annual Company Matching Amounts, plus (ii) Notional Investment Adjustments in value credited or debited thereon in accordance with Article 4 of this Plan, less (iii) all distributions from such account. “Day” means a calendar day or any part thereof. “Deferral Account” means an Account consisting of the sum of (i) all of a Participant's Annual Deferral Amounts, plus (ii) Notional Investment Adjustments in value credited or debited thereon in accordance with Article 4 of this Plan, less (iii) all distributions from such account. “Deferral Election Form” means a written notice filed by a Participant with the Record Keeper in substantially the form of the sample attached hereto as Exhibit B (conformed to be consistent with elections made under the Adoption Agreement and as the same may be amended from time to time by the Committee), specifying the amount of the Participant's Pay Type(s) to be deferred, and the time and form of distribution payments. Deferral Election Forms may be completed and/or signed using such online systems and other electronic means as the Committee or Record Keeper from time to time may designate for such purpose. “Disability” means an inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, or the receipt of income replacement benefits for a period of not less than 3 months under an accident and health plan covering employees of the Participant's employer by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, all as determined by the Committee in accordance with Section 409A, or a determination by the Social Security Administration that the applicable Participant has become totally disabled. A Participant shall also be deemed Disabled if determined to be disabled in accordance with the applicable disability insurance program of such Participant's employer, provided that the definition of “disability” applied under such disability insurance program complies with the requirements of this paragraph. “Disability Benefit” means the benefit set forth in Section 6.2. “Eligible Employee” means any employee of the Company or an Affiliate who is selected to participate herein in accordance with the provisions of Article 2 hereof, and is one of a select group of management or highly compensated employees. “ERISA” means the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time. “First Plan Year” means the period beginning on the Effective Date set forth in the Adoption Agreement and ending on December 31 immediately following the Effective Date. "Hardship Distribution" means any distribution or waiver of deferral granted by the Committee pursuant to Article 7. "In-Service Distribution" means a distribution made pursuant to Section 6.7.

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-5- BST99 1605181-5.083572.0011 "Matching Contribution Limit" means, with respect to each Pay Type, the Maximum Contribution Limit set forth for such Pay Type in the Adoption Agreement, to be used and calculated as a limit on Annual Company Matching Amounts pursuant to Section 3.4. "Matching Contribution Rate" means, with respect to each Pay Type, the respective percentage rate, if any, set forth in the Adoption Agreement for such Pay Type, which rate shall be used to calculate Annual Company Matching Amounts pursuant to Section 3.4, subject to the Matching Contribution Limit, if any, applicable to such Pay Type. "Notional Investment" means any security, fund, account, sub-account, index, formula or other instrument, asset, measure or method from time to time designated by the Committee as a means to calculate the amount of any Notional Investment Adjustment. "Notional Investment Adjustment" means earnings, gains, losses and any other adjustments made with respect to any Annual Deferral Amount, Annual Company Matching Amount or Annual Company Discretionary Amount, which adjustments are made based on the performance of a Notional Investment pursuant to Article 4. “Notional Investment Election Form” means a written notice filed with the Record Keeper by or on behalf of a Participant (or his or her Beneficiaries, as provided below) in substantially the form attached hereto as Exhibit C (conformed to be consistent with elections made under the Adoption Agreement and as the same may be amended from time to time by the Committee), specifying the allocation of the Participant's Annual Deferral Amount and how the Participant's Annual Deferral Amount, Annual Company Matching Amount and Annual Company Discretionary Amount, if any, are to be allocated under the Plan among the Notional Investments provided under the Plan. Notional Investment Election Forms may be completed and/or signed using such online systems and other electronic means as the Committee or Record Keeper from time to time may designate for such purpose. Upon the death of a Participant, for so long as such Participant's Beneficiaries retain an interest in such Participant's Account hereunder, such Beneficiaries may file Notional Investment Election Forms with respect to such Account in accordance with such policies and procedures as the Committee from time to time may specify for such purpose. “Participant” means any Eligible Employee (i) who is selected to participate in the Plan, (ii) who elects to participate in the Plan, (iii) who signs a Participation Agreement, a Deferral Election Form, a Notional Investment Election Form, (iv) whose signed Participation Agreement, Deferral Election Form, and Notional Investment Election Form are accepted by the Committee, and (v) who commences participation in the Plan. A spouse or former spouse (or beneficiary) of a Participant shall not be treated as a Participant in the Plan, even if he or she has an interest in the Participant's benefits under the Plan as a result of applicable law or property settlements resulting from legal separation or divorce. "Participation Agreement" means the form attached as Exhibit A hereto, or such other form established from time to time by the Committee, that a Participant completes, signs and returns to the Company to become a Participant in this Plan. Participation Agreements may be completed and/or signed using such online systems and other electronic means as the Committee or Record Keeper from time to time may designate for such purpose. “Pay Type” means the forms of compensation selected in the Adoption Agreement for inclusion in the calculation of Annual Deferral Amounts under the Plan. References to one or more “Pay Types” with respect to any particular Calendar Year mean said forms of compensation relating

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-6- BST99 1605181-5.083572.0011 to services performed during such Calendar Year, whether or not paid in such Calendar Year or included on a Federal Income Tax Form W-2 for such Calendar Year (except and to the extent otherwise required under any applicable Section 409A Requirements). The Committee from time to time may adopt and amend such rules and procedures as it deems appropriate to more particularly define or classify any particular Pay Type for further clarification in the administration of this Plan. “Permissible Change Election” means an election to change the time or form of payment of any benefit under the Plan that: a) does not take effect until at least 12 months after the date on which such election to delay or change is made; b) is made at least 12 months prior to the date previously scheduled for the payment affected thereby; c) postpones the payment affected thereby for a period of not less than 5 years from the date when such payment otherwise would have been made; provided, however, that this restriction shall not apply in the case of a payment on account of a Disability, death or an Unforeseeable Emergency; and d) does not accelerate the scheduled time for payment of any distribution, except as permitted under Section 409A Requirements. For purposes of the foregoing, unless otherwise provided in the Adoption Agreement or otherwise required under applicable Section 409A Requirements, any distribution that a Participant elects to receive in a series of equal installments (subject to Notional Investment Adjustments) shall be treated as being a single payment on the date of the first installment of such series. “Plan” means this Plan, as adopted by the Adoption Agreement. “Plan Year” means each Calendar Year. "Pre-Retirement Death Benefit" means the death benefit payable under Section 6.5. No Participant or Beneficiary of any participant shall be entitled to receive a Pre-Retirement Death Benefit if such Participant, or any of his or her Beneficiaries, already have received or are receiving a Termination Benefit, Retirement Benefit or Disability Benefit under this Plan. “Record Keeper” means the party designated as the Record Keeper in the Adoption Agreement, as such designation may be amended from time to time in the discretion of the Committee. In the absence of any such designation, or should the Record Keeper be unable or unwilling to serve, the Company shall perform the duties of the Record Keeper under this Plan. “Retirement” means the Termination of Employment of a Participant by retiring on or after such Participant’s Retirement Date. “Retirement Benefit” means the benefit set forth in Section 6.1.

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-7- BST99 1605181-5.083572.0011 “Retirement Date” means the date when the Participant attains the years of age and, if applicable, completes the necessary years of service, as designated in the Adoption Agreement. “Section 409A” means Section 409A of the Code, as the same may be amended from time to time, and any successor statute thereto. References to Section 409A or any requirement under Section 409A, as the same may be interpreted, construed or applied to this Plan at any particular time, shall be deemed to mean and include, to the extent then applicable and then in force and effect (but not to the extent overruled, limited or superseded), published guidance, regulations, notices, rulings and similar announcements issued by the Internal Revenue Service or by the Secretary of the Treasury under or interpreting Section 409A, decisions by any court of competent jurisdiction involving a Participant or a beneficiary and any closing agreement made under section 7121 of the Code that is approved by the Internal Revenue Service and involves a Participant, all as determined by the Committee in good faith, which determination may (but shall not be required to) be made in reliance on the advice of such tax counsel or other tax professional(s) with whom the Committee from time to time may elect to consult with respect to any such matter. “Section 409A Requirement” means any requirement under Section 409A, the failure of which would result in the imposition or accrual of interest or additional taxes under Section 409A on or with respect to any income intended to be deferred under the Plan. "Section 4999 Excise Tax", "Section 4999 Limit", "Section 4999 Determination" and "Section 4999 Dispute" shall have the respective meanings set forth in Section 6.10 of this Plan. “Specified Employee” means, at any time when stock of the Company is publicly traded on an established securities market or otherwise (as determined in accordance with Section 409A Requirements), those employees who are “specified employees” within the meaning of Section 409A. It is the Company’s responsibly to elect which rules under Section 409A shall apply when determining who is a Specified Employee, to annually determine who are the Specified Employees, and to timely provide a list of Specified Employees to the Record Keeper. “Termination Benefit” means the benefit set forth in Section 6.6. “Termination of Employment” or "Terminates Employment" means a separation from service with the Company or any Affiliate, whether voluntary or involuntary, for any reason other than an authorized leave of absence or for a transfer in employment from the Company or an Affiliate to another Affiliate or the Company, as the case may be. If a Participant is on a bona fide leave of absence, as defined in the final regulations under Section 409A, of more than six months in duration, then such Participant shall be deemed to have terminated employment on the first day immediately following the expiration of such six month period (or, if such Participant has a contractual or statutory right of reemployment that extends beyond six months, upon the first day following expiration of such statutory or contractual period, whichever is longer if both shall be applicable). It is the Company's responsibility to determine whether there is a Termination of Employment in accordance with Section 409A with respect to any Participant and to advise the Record Keeper accordingly. “Unforeseeable Emergency” means, with respect to any particular Participant, (i) a severe financial hardship of such Participant resulting from an illness or accident suffered by such Participant, by such Participant's spouse or by a dependent (within the meaning of Section 152

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-8- BST99 1605181-5.083572.0011 of the Code without regard to Section 152(b)(1), (b)(2) and (d)(1)(B) of the Code) of such Participant; (ii) a Participant's loss of property due to casualty; or (iii) other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. It is the Company's responsibility to determine whether there is an Unforeseeable Emergency in accordance with Section 409A with respect to any Participant and to advise the Record Keeper accordingly. It is intended that the Plan shall conform with all applicable Section 409A Requirements. Accordingly, in interpreting, construing or applying any of the foregoing definitions or any of the terms, conditions or provisions of the Plan, the same shall be construed in such manner as shall meet and comply with Section 409A Requirements then applicable thereto, and in the event of any inconsistency with any Section 409A Requirements, the same shall be reformed so as to meet such Section 409A Requirements to the fullest extent then permitted without penalty (and without imposition or accrual of interest or additional taxes) under Section 409A. ARTICLE 2 ELIGIBILITY AND PARTICIPATION 2.1 SELECTION. Participation in the Plan shall be limited to any Eligible Employee, as determined by the Committee in its sole discretion. Any action so taken with respect to any particular Participant or group of Participants shall not imply a right on the part of any other Participant or group of Participants to enroll for or receive additional benefits or amounts of benefits. The Committee may terminate the right of any existing Participant to file additional Deferral Election Forms under this Plan, and shall terminate any such right for a Participant who ceases to be one of a select group of management or highly compensated employees, or otherwise ceases to meet any of the requirements applicable to participation in this Plan. 2.2 ENROLLMENT. As a condition to participate, each Eligible Employee shall complete, execute and return to the Record Keeper a Participation Agreement, a Deferral Election Form and a Notional Investment Election Form within 30 days after he or she is selected to participate in the Plan. The Committee may establish from time to time such other enrollment requirements as it determines in its sole discretion are necessary, convenient or appropriate to carry out any of the purposes or intent of the Plan or to better assure the Plan's compliance with Section 409A Requirements. Eligible Employees also shall submit to the Record Keeper a Beneficiary Designation Form, but receipt of the Beneficiary Designation Form within 30 days of eligibility shall not be a condition to enrollment in this Plan. 2.3 ELIGIBILITY. An Eligible Employee shall commence participation in the Plan on the first day of the month following the month in which the Eligible Employee completes all enrollment requirements, including timely submission of all required enrollment documents to the Record Keeper; provided, however, that if an Eligible Employee is a former employee that has been rehired following a Termination of Employment, such employee may not commence participation in the Plan until the first day of the following Plan Year. If an Eligible Employee fails to meet all such requirements within the period required in accordance with Section 2.2, that Eligible Employee shall not be eligible to participate in the Plan until the first day of the Plan Year following the delivery to and acceptance by the Committee (or its designee) of the required documents. 2.4 REHIRED EMPLOYEES. Except as otherwise required under Section 409A Requirements (or as otherwise approved by the Committee if permitted under Section 409A Requirements), a Participant who is rehired following a Termination of Employment will be

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-9- BST99 1605181-5.083572.0011 treated as a new employee, without affecting any benefit payment resulting from any previous participation in this Plan or previous Termination of Employment, and without implying any right to participate further in this Plan as a result of his or her reemployment. If such former Participant is selected to become an Eligible Employee under the Plan following his or her rehiring, such Participant may not commence participation in the Plan until the first day of the Plan Year following his or her submission of all required enrollment documents to the Record Keeper, and for purposes of any applicable vesting, he or she shall be treated as a new employee and new enrollee based on his or her most recent date of hire and participation as a new Participant in this Plan. ARTICLE 3 CONTRIBUTIONS AND CREDITS 3.1 DEFERRAL AMOUNT. For each Plan Year, a Participant may elect to defer amounts of those Pay Type(s) designated in the Adoption Agreement, using a Deferral Election Form. Any deferral election shall be subject to such limits, rules and procedures from time to time established by the Committee. The Committee, among other matters, may establish one or more minimum and/or maximum limits on how much of any particular Pay Type that a Participant may elect to defer for such Participant's Annual Deferral Amount in any Plan Year. In no event will the Annual Deferral Amount or the Matching Contribution Amount (if any) for any Pay Type, or for all Pay Types combined, for any particular Participant exceed the maximum amounts permitted under any applicable law. 3.2 ELECTION TO DEFER. 3.2.1 FIRST PLAN YEAR. When a Participant first enrolls to participate in the Plan, except as otherwise provided in Section 2.4 above, the Participant shall make an irrevocable deferral election by completing a Deferral Election Form for the remainder of the Plan Year in which the Participant first enrolls, along with such other elections as the Committee deems necessary or desirable under the Plan. For these elections to be valid, the Election Form must be completed and signed by the Participant, timely delivered to the Record Keeper in accordance with Section 2.2 above and accepted by the Committee or its designee. To the extent that Bonus is included within the Pay Types available for deferrals under this Plan, such elections may include a pro-rata portion of the then-current Plan Year's Bonus, based on the number of days remaining in the applicable Bonus performance period after such election irrevocably takes effect, divided by the total number of days in said performance period. Any election under this paragraph shall apply only on a prospective basis, and only with respect to compensation for services to be performed after the date when the election is made and final. Despite the foregoing, if a Participant already is a participant under any other nonqualified account balance plan of the same employer, or if such Participant is subject to the terms of Section 2.4 above, then such Participant's first Deferral Election Form under this Plan shall contain elections only with respect to Plan Years after the date when such Deferral Election Form is filed, in the same manner as contemplated for subsequent Plan Years in Section 3.2.2 below. 3.2.2 SUBSEQUENT PLAN YEARS. For each succeeding Plan Year, an irrevocable deferral election shall be made by completing a new Deferral Election Form for that Plan Year, and such other elections as the Committee deems necessary or desirable under the Plan, which elections shall be made by timely filing with the Committee or its designee, in accordance with its and the Committee's rules and procedures, before the end of the Plan Year preceding the Plan Year for which the election is made.

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-10- BST99 1605181-5.083572.0011 3.2.3 PERFORMANCE-BASED COMPENSATION. Despite the foregoing, in the case of any Performance-Based Compensation based on services performed over a period of at least 12 consecutive months, such election may be made no later than 6 months before the end of such period. Amounts to be treated as “Performance-Based Compensation” under Section 3.2.3 of this Plan must meet the following criteria: (i) the Pay Type must be based on services performed over a period of at least 12 months; (ii) the Pay Type must be contingent on the satisfaction of pre-established organizational or individual performance criteria (established no later than 90 days after the beginning of the Service Period); and (iii) the Pay Type cannot include any amount or portion of any amount that will be paid either regardless of performance or based on a level of performance that is substantially certain to be met at the time the performance criteria are established. The term Performance-Based Compensation includes payments based upon subjective performance criteria, provided that the subjective performance criteria are bona fide and relate to the performance of the Eligible Employee, a group of employees that includes the Eligible Employee, or a business unit for which the Eligible Employee provides services (which may include the entire organization), and the determination that any subjective performance criteria have been met is not made by the Eligible Employee or a family member of the Eligible Employee (as defined in Section 267(c)(4) of the Code applied as if the family of an individual includes the spouse or any member of the family), or a person under the effective control of the Eligible Employee or such a family member, and no amount of the compensation of the person making such determination is effectively controlled in whole or in part by the Eligible Employee or such a family member. It is the Company's responsibility to determine whether a Pay Type qualifies as Performance- Based Compensation in accordance with the foregoing requirements with respect to any Participant and to advise the Record Keeper accordingly. 3.2.4 CHANGES. Deferral Election Forms filed prior to their applicable filing deadline hereunder may be changed, until such filing deadline occurs, by filing an updated or amended Deferral Election Form in accordance with the foregoing requirements. 3.3 WITHHOLDING OF ANNUAL DEFERRAL AMOUNTS. For each Plan Year, the Base Salary portion of the Annual Deferral Amount shall be withheld from each regularly scheduled Base Salary payroll in equal amounts, as adjusted from time to time for increases and decreases in Base Salary. Deferrals of all other Pay Types that are included in the Annual Deferral Amount shall be withheld at the time each such Pay Type is or otherwise would be paid to the Participant, whether or not this occurs during the Plan Year itself (except as otherwise required under applicable Section 409A Requirements). 3.4 ANNUAL COMPANY MATCHING AMOUNT. If the Company shall elect in the Adoption Agreement to make Annual Company Matching Amounts, then in each Plan Year, for so long as a Participant remains actively employed by the Company or any Affiliate and continues to be a Participant in this Plan, the Company shall credit to such Participant's Account an Annual Company Matching Amount, such amount to be calculated in the manner and on the Match Crediting Dates set forth in the Adoption Agreement, up to (and not exceeding) in each Plan

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-11- BST99 1605181-5.083572.0011 Year the Company Contribution Limit, if any, applicable thereto. Annual Company Matching Amounts shall be credited in each instance as of the applicable Match Crediting Date designated in the Adoption Agreement, such amounts to be determined by the Record Keeper as soon as practicable, but not later than 60 days after each applicable Match Crediting Date. 3.5 ANNUAL COMPANY DISCRETIONARY AMOUNTS. The Company, in its discretion, may credit additional amounts to the Company Discretionary Account of any Participant or group of Participants. No such contribution to a Participant or group of Participants shall imply any right on the part of other Participants to receive a similar contribution, nor are such contributions required to be uniform with respect to the Participants for whom they are made. 3.6 FICA/FUTA AND OTHER TAXES. For each Plan Year in which a Participant elects an Annual Deferral Amount, the Participant's employer(s) shall ratably withhold, from that portion of the Participant's wages, salary, bonus or other compensation that is not being deferred, the Participant's share of taxes under the Federal Insurance Contributions Act and the Federal Unemployment Tax Act ("FICA/FUTA Taxes") and any other taxes on deferred amounts which may be required or appropriate. If necessary, the Committee shall reduce the Annual Deferral Amount in order to comply with this paragraph. In addition, as balances with Company Matching Accounts and Company Discretionary Accounts, if any, become vested pursuant to Article 5, to the extent that such amounts are subject to FICA/FUTA Taxes or any other taxes, the Participant’s employer(s) shall withhold from the Participant’s wages, salary, bonus or other compensation for the year in which such vesting occurs the Participant’s share of FICA/FUTA taxes and such other taxes on the amounts that have vested in such year, all to the extent necessary and appropriate to satisfy such tax obligations. If necessary, the Committee shall reduce the Annual Deferral Amount for the year in which FICA/FUTA or other taxes must be paid in order to comply with this paragraph. 3.7 FOR CAUSE TERMINATIONS. Despite anything to the contrary in this Plan, if the Committee in good faith determines that a Participant has caused or incurred a Termination of Employment for Cause, then such Participant's Company Discretionary Account and such Participant's Company Matching Account (including both vested and unvested balances thereof) automatically shall be forfeited in their entirety. ARTICLE 4 ALLOCATION OF FUNDS 4.1 CREDITING/DEBITING OF ACCOUNT BALANCES. In accordance with, and subject to, the rules and procedures that are established from time to time by the Committee, in its sole discretion, amounts shall be credited or debited to a Participant's Account in accordance with the following: 4.2 NOTIONAL INVESTMENT CALCULATIONS. The Committee shall designate in its sole discretion one or more Notional Investments to be used to calculate Notional Investment Adjustments to be credited or debited to Participants' Accounts, as if each Participant were making an actual investment in Notional Investments with his or her Account Balance. Notional Investments shall be used to calculate bookkeeping entries in each Participant's respective Account, and shall be utilized solely as a means to calculate and adjust Account Balances pursuant to this Plan. The Committee from time to time may delete, modify, substitute or otherwise change any Notional Investment under the Plan for any reason with respect to any future Account Balance calculations, and the Committee may impose such limits, rules and procedures governing the frequency, timing, methods and other matters pertaining to the

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-12- BST99 1605181-5.083572.0011 calculation of Notional Investment Adjustments, and the use, effectiveness and application thereof, as the Committee from time to time may deem to be necessary, convenient or appropriate for purposes of administering the Plan. 4.3 ELECTION OF NOTIONAL INVESTMENTS. If the Committee shall approve more than one Notional Investment to be used with respect to any Plan Year, then each Participant shall elect, on a Notional Investment Election Form duly filed with the Record Keeper for such Plan Year, one or more Notional Investment(s) to be used to calculate the Notional Investment Adjustments to be credited or debited, as the case may be, to his or her Account under this Article 4. Each Participant shall specify, on each Notional Investment Election Form, the portions of his or her Account to be allocated to one or more Notional Investments, as if the Participant was making an actual investment in that Notional Investment with that portion of his or her Account Balance. The Committee may impose such limits, rules and procedures governing the frequency of permitted changes, timing of effectiveness, minimum and maximum amounts (if any) and other matters pertaining to Notional Investment Election Forms, and the use, effectiveness and application thereof, as the Committee from time to time may deem to be necessary, convenient or appropriate for purposes of administering the Plan. 4.4 CREDITING OR DEBITING METHOD. The Participant's Account will be credited or debited, as the case may be, with the increase or decrease in the performance of each Notional Investment selected by the Participant, as though the portion of the Participant's Account Balance then was actually invested in the Notional Investments selected by the Participant, in the percentages (if more than one Notional Investment is available under this Plan) then applicable to each portion of the Participant's Account. The value of each Notional Investment shall be calculated under the Plan as of the close of business on the business day when the published or calculated value of such Notional Investment becomes effective generally, but not more frequently than once per business day. The Committee from time to time may specify such times, frequencies, methods, rules and procedures for calculating the value of any particular Notional Investment (for example, specifying that interest on money market funds shall be calculated and credited on a monthly basis). 4.5 NO ACTUAL INVESTMENT. Notwithstanding any other provision of this Plan that may be interpreted to the contrary, each Notional Investment is to be used for measurement purposes only. A Participant's election of any Notional Investment(s), the allocation of any portion of his or her Account thereto and the use of any Notional Investment(s) to calculate any Notional Investment Adjustment in value to be credited or debited to his or her Account shall not be considered or construed in any manner as an actual investment of his or her Account in any such Notional Investment. In the event that the Company, in its own discretion, decides to invest funds in any or all of the Notional Investments, no Participant shall have any rights or interests in or to any such investment. Without limiting the foregoing, a Participant's Account Balance shall at all times be a bookkeeping entry only, and shall not represent any investment made on his or her behalf by the Company. The Participant at all times shall remain an unsecured creditor of the Company. ARTICLE 5 VESTING 5.1 VESTING OF BENEFITS. The Participant's Account Balance attributable to his or her Deferral Accounts, and Notional Investment Adjustments thereto, will always be 100% vested. Subject to Section 3.7, credits to each Participant's Company Matching Accounts, and Notional Investment Adjustments thereto, and credits to each Participant's Company Discretionary

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-13- BST99 1605181-5.083572.0011 Accounts, and Notional Investment Adjustments thereto, will be vested in accordance with the Vesting Schedule set forth in the Adoption Agreement. Except as otherwise provided in the Adoption Agreement, Annual Company Discretionary Amounts and Annual Company Matching Amounts that are made in a particular Plan Year (together with Notional Investment Adjustments in value credited or debited thereon in accordance with Article 4 of this Plan, net of distributions) shall vest in annual increments as measured from the end of the last day of the Plan Year in which such contributions occurred and each applicable anniversary thereof. Despite the foregoing, but subject to Section 3.7, unless a Participant shall have previously had a Termination of Employment (without subsequently having been rehired, re-designated as an Eligible Employee and re-enrolled as a Participant in this Plan), upon the death of a Participant, such Participant's Company Matching Account and Company Discretionary Account shall be fully vested. Subject to the foregoing, all portions of a Participant's Account that are unvested when his or her Termination of Employment occurs shall be forfeited. ARTICLE 6 DISTRIBUTION OF BENEFITS 6.1 RETIREMENT BENEFIT. If a Participant shall remain (other than for intervening authorized leaves of absence) an active employee of the Company or any Affiliate until such Participant's Retirement Date, then upon such Participant's Retirement, the Company shall pay to such Participant a Retirement Benefit in an amount equal to such Participant's Account Balance, to be calculated and paid as more particularly provided in Section 6.4 below, subject to the terms and conditions of this Plan. 6.2 DISABILITY BENEFIT. If a Participant shall remain (other than for intervening authorized leaves of absence) an active employee of the Company or any Affiliate until such Participant's Disability, then upon such Participant's Disability, the Company shall pay to such Participant a Disability Benefit in an amount equal to such Participant's Account Balance, to be paid as more particularly provided in Section 6.4 below, subject to the terms and conditions of this Plan. In the event of a Participant's Disability, to the extent permitted under applicable Section 409A Requirements, all deferrals following the date of Disability will be waived. The Committee may require, as a condition to any waiver or benefit under this paragraph, that the Participant be examined by a duly licensed physician selected by the Company to determine or confirm the existence of such Participant's Disability. 6.3 CONTINUATION OF DISABILITY OR RETIREMENT BENEFITS AFTER DEATH. If a Participant dies after his or her Termination of Employment, the Company shall make (or, if payment of any Retirement Benefit or Disability Benefit shall have commenced for such Participant prior to his or her death, the Company shall continue to make) payments of any remaining Retirement Benefit or Disability Benefit for such Participant, as the case may be, to the Participant's Beneficiary, such payments to be made and continued in accordance with Section 6.4, subject to the terms and conditions of this Plan. 6.4 PAYMENTS. A Participant's Retirement Benefit or Disability Benefit, as the case may be, shall be distributed in one or more annual installments as set forth in the Participant's applicable Deferral Election Form, subject to any applicable limitations set forth in the Adoption Agreement. The amount of the first such installment shall be calculated by taking the amount of the Participant's Account Balance as of the end of the day (the "Valuation Date") that is the last day of the calendar month in which such Participant's Retirement or Disability first occurred; provided, however, that in the case of a Specified Employee's Retirement, then the Valuation Date shall be extended to be the end of the sixth month following the month in which such

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-14- BST99 1605181-5.083572.0011 Participant's Retirement occurred. The amount so determined shall be divided by the total number of installments (in the case of a lump sum distribution, divided by one). Such payment shall be made as soon as practicable, but, in any event, within 60 days after the Valuation Date (extended, in the case of Disability, by such reasonable period of time as the Committee may require to confirm the existence of such Disability). If there shall be more than one installment to be paid, then each subsequent installment shall be calculated on the anniversary of the Valuation Date, by taking the Participant's Account Balance as of the close of business on such anniversary, and dividing such amount by the number of installments then remaining, with payment to be made as soon as practical, but in any event within 60 days of said anniversary. The final installment payment shall be equal to the remaining Account Balance of the Participant. In no event shall the amount of any lump sum or installment payment to a Participant exceed the remaining vested Account Balance of such Participant. 6.5 PRE-RETIREMENT DEATH BENEFIT. If a Participant dies prior to Retirement while actively employed by the Company or an Affiliate, then the Company shall pay a Pre-Retirement Death Benefit to such Participant's Beneficiary in a lump sum amount equal to the Account Balance as of the close of business on the last day of the calendar month of such Participant's death. 6.6 TERMINATION BENEFITS. In the event of the Participant's Termination of Employment, either voluntarily or involuntarily, for any reason other than Disability, Retirement or death, the Company shall pay to the Participant a Termination Benefit in a lump sum. The amount payable shall be equal to the portion of the Account Balance attributable to the Participant's Deferral Account, and subject to Section 3.7, the vested portion, if any, of the Participant's Company Matching Account and the vested portion, if any, of the Participant's Company Discretionary Account. Such payment shall be valued as of the last day of the calendar month in which such Participant's Termination of Employment occurs; provided, however, that in the case of Specified Employees, then the date for such valuation shall be extended to be the end of the sixth month following the month in which such Participant's Termination of Employment occurred. The Termination Benefit shall be paid as soon as practicable, but in any event within 60 days after the date of said valuation. 6.7 IN-SERVICE DISTRIBUTIONS. If the Adoption Agreement allows for In-Service Distributions under this Plan, then in each Deferral Election Form, a Participant may specify an amount to be paid as a scheduled lump sum In-Service Distribution, such payment to be made at a date designated on the form pursuant to this paragraph and subject to the terms and conditions of this Plan. The amount specified for an In-Service Distribution shall not exceed the Annual Deferral Amounts, Annual Company Contribution Amounts and Annual Company Matching Amounts that are covered by such Deferral Election Form, and the date designated for an In-Service Distribution shall occur on or after expiration of the Minimum Deferral Period set forth in the Adoption Agreement, as measured from the close of business of the last day of the Plan Year covered by such Deferral Election Form. The amount of each such payment shall equal the Participant's Account Balance that is attributable to the amount originally specified in the Deferral Election Form (including any Notional Investment Adjustments thereon, net of distributions), and shall be paid as soon as practicable after the calculation thereof, in any event within 60 days after the date designated for payment on such form. Despite the foregoing, if an event occurs that would result in the payment of any Termination Benefit, Disability Benefit, Retirement Benefit or Pre-Retirement Death Benefit prior to an In-Service Distribution, then such other form of benefit shall be paid in lieu of such In-Service Distribution. A Participant may elect to delay the scheduled time for payment of an In-Service Distribution under this paragraph, but only if such election constitutes a Permissible Change Election. If any amount of the

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-15- BST99 1605181-5.083572.0011 Account Balance that has been designated for an In-Service Distribution shall be unvested at the time such In-Service Distribution was scheduled to occur, such unvested amount instead shall remain in such Participant's Account, to be included within such Participant's Termination Benefit, Disability Benefit, Retirement Benefit or Pre-Retirement Death Benefit, as the case may be. 6.8 NO ACCELERATION; CHANGES; CERTAIN DELAYS. The time or schedule for payment of any distribution under the Plan may not be accelerated, except as set forth in this Plan and as permitted under applicable Section 409A Requirements. No election may be made to change the time or form of payment of any distribution under this Plan, or any installment thereof, except for a Permissible Change Election. Despite the foregoing, to the extent consistent with applicable Section 409A Requirements, the Committee may elect to delay payment of any benefit hereunder if such benefit would be fully or partially non-deductible under Section 162(m) of the Code, would violate securities laws, or if there is a bona fide payment dispute (but only if the applicable Participant or Beneficiary is diligently attempting to collect the applicable benefit and does not control the Company or the Committee, or control the Company's or the Committee's decisions with respect thereto); and to the extent permitted under Section 409A Requirements, the time or schedule of payment of a benefit hereunder may be accelerated: 6.8.1 to the extent that such benefit (or this Plan as it pertains thereto in the case of any particular Participant) fails to meet Section 409A Requirements, but only in an amount equal to the amount required to be included in income as a result of the failure to comply with Section 409A Requirements; 6.8.2 for payment to an individual other than a Participant, to the extent necessary to fulfill a domestic relations order as defined in Section 414(p)(1)(B) of the Code; 6.8.3 to pay Federal Insurance Contributions Act tax imposed under Section 3101, 3121(a) and 3121(v)(2) of the Code, where applicable, on compensation deferred under this Plan (hereinafter, the "FICA Amount"), or to pay the income tax at source on wages imposed under Section 3401 of the Code or the corresponding withholding provisions of applicable state, local or foreign tax laws as a result of the payment of the FICA Amount, and to pay additional income tax at source on wages attributable to the pyramiding Section 3401 wages and taxes, but not in excess of the FICA Amount and the income tax withholding related to such FICA Amount; or 6.8.4 as more particularly provided in Section 6.9, Section 6.10, Article 7 or Section 11.10. 6.9 SMALL ACCOUNT BALANCE. Notwithstanding any other provisions of this Plan to the contrary, if the Account Balance of a Participant is not greater than the then current applicable limit under Section 402(g) of the Code ($16,500 for 2009) at the time payment of any distribution first becomes due hereunder, then the Committee shall pay the vested portion of the Account Balance in a single lump sum, payable on the date on which such benefits would otherwise have become payable (or such other date as may be required under applicable Section 409A Requirements), and no additional benefit shall be payable under this Plan with respect to such Participant. 6.10 CHANGE IN CONTROL. The Committee, acting in its discretion, may elect to terminate the Plan within 30 days prior to or 12 months following a Change in Control, in which case any

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-16- BST99 1605181-5.083572.0011 payments made on or after the effective date of such termination (but within said 12 month period) shall be deemed to have been made by reason of such Change in Control. Despite anything to the contrary in this Plan, if any payment or benefit to a Participant or Beneficiary pursuant to the terms of this Plan or otherwise in connection with, or arising out of, a Change of Control, or in connection with, or arising out of, any other event which constitutes a “change in control” within the meaning of Section 280G of the Code (a “Change in Control Payment”), would be subject to the excise tax imposed by Section 4999 of the Code (the “Section 4999 Excise Tax”), then the benefits payable under this Plan shall be reduced (but not below zero), but only to the extent necessary so that no portion of the Change in Control Payments shall be subject to the Section 4999 Excise Tax (the “Section 4999 Limit”); provided, however, that an amount shall be payable to a Participant in excess of the Section 4999 Limit if required under any separate employment agreement, plan, program or other arrangement extended by the employer to that Participant. Unless otherwise determined by the Committee in its discretion, the Company shall reduce or eliminate the benefits payable under this Plan by first reducing or eliminating those benefits beginning with benefits which are to be paid the farthest in time from the Section 4999 Determination (as defined below). All determinations required to be made under this section (each, a “Section 4999 Determination”) shall be made by the Committee. The calculations shall be provided to the Participant upon request (provided that the Company or the Participant believe in good faith that any of the Payments may be subject to the Section 4999 Excise Tax); provided, however, that if the Committee determines that no Section 4999 Excise Tax is payable by the Participant with respect to one or more Payments, the Participant may request that the independent certified public accountants of the Company or, in the absence of such independent accountants, a nationally recognized accounting firm, law firm or compensation consultant designated by the Company and reasonably acceptable to the Participant (the “Advisor”) furnish the Participant with an opinion reasonably acceptable to the Participant that no Excise Tax will be imposed with respect to any such Payment(s). Within ten (10) calendar days of delivery of the Section 4999 Determination to the Participant, the Participant shall have the right to dispute the Section 4999 Determination (the “Section 4999 Dispute”). The existence of any Section 4999 Dispute shall not in any way affect the Participant's right to receive the benefits under this Plan in accordance with the Section 4999 Determination. If there is no Section 4999 Dispute, the Section 4999 Determination by the Advisor shall be final, binding and conclusive upon the Company and the Participant, subject to Section

9.5 of this Plan. 6.11 NO DUPLICATION OF BENEFITS. This Plan is intended to provide benefits based on a Participant's Account Balance, subject to the terms and conditions hereof. Nothing in this Plan shall be construed to express or imply the right of any Participant to receive, or to have his or her Beneficiary(ies) receive, benefits in amounts exceeding in the aggregate his or her vested Account Balance. ARTICLE 7 HARDSHIP DISTRIBUTIONS 7.1 APPLICATION FOR HARDSHIP DISTRIBUTION OR DEFERRAL ELECTION TERMINATION. In the event that any Participant incurs an Unforeseeable Emergency, if consistent with applicable Section 409A Requirements, such Participant may apply to the Committee for a Hardship Distribution in the form of (i) cancellation of existing Annual Deferral Amount elections for Pay Types not yet earned by such Participant, and (ii) to the extent cancellation of all such elections is insufficient to satisfy the needs resulting from such Unforeseeable Emergency, a payment. In the event that any Participant receives a distribution from a plan due to an unforeseeable emergency or a hardship pursuant to Treasury Regulation

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-17- BST99 1605181-5.083572.0011 § 1.401(k)-1(d)(3) (or successor regulation thereto, to the extent recognized for these purposes under Section 409A Requirements), such Participant's existing Annual Deferral Amount elections for Pay Types not yet earned by such Participant shall be cancelled for the remainder of the Calendar Year. The Committee shall consider the circumstances of each such case, and the best interests of the Participant and his or her family, and shall have the right, in its sole discretion, to allow such application, in full or in part, or to refuse to make a Hardship Distribution. 7.2 AMOUNT OF DISTRIBUTION. In no event shall the amount of any Hardship Distribution payment exceed the lesser of: (a) the Participant's vested Account Balance, or (b) the amount determined by the Committee to be necessary to alleviate the hardship, including any taxes payable by the Participant as a result of receiving such Hardship Distribution, and which is not reasonably available from other resources of the Participant, including reimbursement or compensation from insurance or otherwise, by liquidation of the Participant's assets (unless liquidation of such assets would cause severe financial hardship) or by cessation of deferrals under this Plan or other nonqualified plans in which such Participant participates, all in a manner consistent with any applicable Section 409A Requirements. 7.3 RULES ADOPTED BY COMMITTEE. The Committee shall have the authority to adopt additional rules relating to Hardship Distributions. In adopting and administering these rules, the Committee shall act in accordance with the principle that the primary purpose of this Plan is to provide additional retirement income, not additional funds for current consumption, and that the intent of the Plan is to comply with all applicable Section 409A Requirements. 7.4 LIMIT ON NUMBER OF HARDSHIP DISTRIBUTIONS; EFFECT ON DEFERRALS. No Participant may receive more than one Hardship Distribution in any Calendar Year. If a Participant shall receive a Hardship Distribution (whether by payment or by termination of any Annual Deferral Amount election), then such Participant may not make any further Annual Deferral Amount elections for any Plan Year until the second Plan Year immediately following the Plan Year in which such Hardship Distribution was made. ARTICLE 8 BENEFICIARY DESIGNATION 8.1 BENEFICIARY. Each Participant shall have the right, at any time, to designate his or her Beneficiary(ies) (both primary as well as contingent) to receive any benefit under this Plan after the Participant's death. The Beneficiary designated under this Plan may be the same as or different from the Beneficiary designation under any other plan of the Company in which the Participant participates. 8.2 BENEFICIARY DESIGNATION; CHANGE; SPOUSAL CONSENT. A Participant shall designate his or her Beneficiary by completing and signing the Beneficiary Designation Form and returning it to the Record Keeper. A Participant shall have the right to change a Beneficiary by completing, signing and otherwise complying with the terms of the Beneficiary Designation Form and the Committee's rules and procedures, as in effect from time to time. If the Participant names someone other than his or her spouse as a Beneficiary, then to the extent required by applicable law, a spousal consent, in the form designated by the Committee, must be signed by that Participant's spouse and returned to the Record Keeper. The Committee and the Record Keeper shall be entitled to rely on the last Beneficiary Designation Form filed by the Participant and accepted by the Committee prior to his or her death.

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-18- BST99 1605181-5.083572.0011 8.3 ACKNOWLEDGEMENT. No designation or change in designation of a Beneficiary shall be effective until received and acknowledged in writing by the Committee. 8.4 NO BENEFICIARY DESIGNATION. If a Participant fails to designate a Beneficiary as provided above, or if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, then the Participant's designated Beneficiary shall be deemed to be his or her surviving spouse. If the Participant has no surviving spouse, the benefits remaining under the Plan to be paid to a Beneficiary shall be payable to the executor or personal representative of the Participant's estate. 8.5 DOUBT AS TO BENEFICIARY. If the Record Keeper has any doubt as to the proper Beneficiary to receive payments pursuant to this Plan, the Committee shall have the right, exercisable in its discretion, to cause the Company to withhold such payments until this matter is resolved to the Committee's satisfaction. 8.6 DISCHARGE OF OBLIGATION. The payment of benefits under the Plan to a Beneficiary shall fully and completely discharge the Company and the Committee from all further obligations under the Plan with respect to the Participant, and that Participant's Participation Agreement shall terminate upon such full payment of benefits. ARTICLE 9 MANAGEMENT AND ADMINISTRATION OF THIS PLAN 9.1 THE COMMITTEE. The Committee shall be responsible for the management, operation and administration of the Plan, and for processing claims under Article 10 of this Plan. The Committee shall administer the Plan in accordance with its terms and shall have the discretion, power and authority to determine all questions arising in connection with the administration, interpretation and application of the Plan. Any such determination shall be conclusive and binding upon all persons. The Committee shall have all powers necessary or appropriate to accomplish its duties under the Plan. The Committee from time to time may employ others to render advice with regard to its responsibilities under this Plan and to perform services under this Plan, including the services contemplated to be performed by the Record Keeper. It may also allocate its responsibilities to others and may exercise any other powers necessary for the discharge of its duties. 9.2 THE RECORD KEEPER. Except to the extent provided to the contrary in a separate written agreement, the Record Keeper shall solely be responsible for keeping records of Account Balances, and for receiving and processing data pertaining to elections and transactions affecting Account Balances pursuant to the Plan. 9.3 INFORMATION FROM COMPANY. The Company and each Affiliate shall supply full and timely information to the Committee and the Record Keeper on all matters as may be required properly to administer the Plan. The Committee and the Record Keeper may rely upon the correctness of all such information as is so supplied and shall have no duty or responsibility to verify such information. The Committee and the Record Keeper shall also be entitled to rely conclusively upon all tables, valuations, certifications, opinions and reports furnished by any actuary, accountant, controller, counsel or other person employed or engaged by or on behalf of the Company or the Committee with respect to the Plan. 9.4 FIDUCIARY DUTIES; INDEMNIFICATION. The Company, acting by and through the Committee, if the Company so elects, is the named fiduciary under this Plan. The named

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-19- BST99 1605181-5.083572.0011 fiduciary is authorized to control and manage the operation and administration of this Plan, and shall be responsible for establishing and carrying out a funding policy and method consistent with the objectives of this Plan. The Company, to the fullest extent permitted by applicable law, shall indemnify and hold harmless the members of the Committee, the Record Keeper and their respective employees, officers, directors, partners, agents, affiliates and representatives, from and against any and all claims, losses, liabilities, costs, damages and expenses (including without limitation reasonable attorneys' fees) arising from any action or failure to act with respect to this Plan on account of such party's services hereunder, except in the case of gross negligence or willful misconduct. 9.5 SECTION 409A COMPLIANCE. The Company intends that this Plan will be established, construed, administered and applied in compliance with all Section 409A Requirements, but in light of uncertainty with respect to such requirements and limits, the Company reserves the right to unilaterally amend the Plan without the consent of the Participants and to take any actions that may be appropriate to comply with the Section 409A Requirements. ARTICLE 10 CLAIMS PROCEDURES 10.1 PRESENTATION OF CLAIM. A Participant or a Participant's Beneficiary after a Participant's death (such Participant or Beneficiary being referred to below as a "Claimant") may deliver to the Company a written claim for a determination under this Article with respect to the amounts distributable to such Claimant. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within sixty (60) days after such notice was received by the Claimant. All other claims must be made within 180 days of the date on which the event that caused the claim to arise occurred. The claim must state with particularity the determination desired by the Claimant. 10.2 NOTIFICATION OF DECISION. The Company shall consider a Claimant's claim within a reasonable time, but no later than ninety (90) days after receiving the claim. If the Company determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial ninety (90) day period. In no event shall such extension exceed a period of ninety (90) days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Company expects to render the benefit determination. The Company shall notify the Claimant in writing: 10.2.1 that the Claimant's requested determination has been made, and that the claim has been allowed in full; or 10.2.2 that the Company has reached a conclusion contrary, in whole or in part, to the Claimant's requested determination, and such notice must set forth in a manner calculated to be understood by the Claimant: (i) the specific reason(s) for the denial of the claim, or any part of it; (ii) specific reference(s) to pertinent provisions of this Plan upon which such denial was based;

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-20- BST99 1605181-5.083572.0011 (iii) a description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary; (iv) an explanation of the claim review procedure set forth in Section 10.3 below; and (v) a statement of the Claimant’s right to bring a civil action under ERISA Section 502(a) following an adverse benefit determination on review. 10.3 REVIEW OF A DENIED CLAIM. On or before sixty (60) days after receiving a notice from the Company that a claim has been denied, in whole or in part, a Claimant (or the Claimant’s duly authorized representative) may file with the Company a written request for a review of the denial of the claim. The Claimant (or the Claimant’s duly authorized representative): 10.3.1 may, upon request and free of charge, have reasonable access to, and copies of, all documents, records and other information relevant to the claim for benefits; 10.3.2 may submit written comments or other documents; and/or 10.3.3 may request a hearing, which the Company, in its sole discretion, may grant. 10.4 DECISION ON REVIEW. The Company shall render its decision on review promptly, and no later than sixty (60) days after the Company receives the Claimant’s written request for a review of the denial of the claim. If the Company determines that special circumstances require an extension of time for processing the claim, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial sixty (60) day period. In no event shall such extension exceed a period of sixty (60) days from the end of the initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Company expects to render the benefit determination. In rendering its decision, the Company shall take into account all comments, documents, records and other information submitted by the Claimant relating to the claim, without regard to whether such information was submitted or considered in the initial benefit determination. The decision must be written in a manner calculated to be understood by the Claimant, and it must contain: 10.4.1 specific reasons for the decision; 10.4.2 specific reference(s) to the pertinent provisions of this Plan upon which the decision was based; 10.4.3 a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of, all documents, records and other information relevant (as defined in applicable ERISA regulations) to the Claimant’s claim for benefits; and 10.4.4 a statement of the Claimant’s right to bring a civil action under ERISA Section 502(a).

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-21- BST99 1605181-5.083572.0011 ARTICLE 11 MISCELLANEOUS 11.1 TRUST. Except as set forth below, nothing contained in this Plan, nor any action taken pursuant to its provisions by any person, shall create, or be construed to create, a trust of any kind, or a fiduciary relationship between the Company and any other person. Despite the foregoing, if the Company, pursuant to the Adoption Agreement or otherwise, elects to establish a grantor trust for the purpose of holding any assets intended to fund the payment of any benefits under this Plan, the Company shall have no obligation to make any contributions or deposits into such trust and all assets of such trust shall remain subject to the claims of the Company's creditors generally in the event of any insolvency or bankruptcy of the Company, and except as permitted under applicable Section 409A Requirements, no such assets shall be located outside of the United States of America. No trust or restriction shall be imposed on any assets intended to fund the payment of any benefits under this Plan as a result of any change in Company's financial health. The creation of any trust shall not relieve the Company of its obligations under this Plan. 11.2 BENEFITS PAYABLE ONLY FROM GENERAL CORPORATE ASSETS (UNSECURED GENERAL CREDITOR STATUS OF PARTICIPANT). 11.2.1 Payments to any Participant or Beneficiary hereunder shall be made from assets which shall continue, for all purposes, to be part of the general, unrestricted assets of the Company. No person shall have any interest in any such asset by virtue of any provision of this Plan. The Company's obligation hereunder shall be an unfunded and unsecured promise to pay money in the future. To the extent that any person acquires a right to receive payments from the Company under the provisions hereof, such right shall be no greater than the right of any unsecured general creditor of the Company; no such person shall have or acquire any legal or equitable right, interest or claim in or to any property or assets of the Company. 11.2.2 In the event that, in its discretion, the Company purchases an insurance policy or policies insuring the life of a Participant or any other property, to allow the Company to recover or meet the cost of providing benefits, in whole or in part, hereunder, no Participant or Beneficiary shall have any rights whatsoever therein or in the proceeds therefrom. The Company shall be the sole owner and beneficiary of any such insurance policy or property and shall possess and may exercise all incidents of ownership therein. 11.3 CAPTIONS. The captions of the articles, sections and paragraphs of this Plan are for convenience only and shall not control or affect the meaning or construction of any of its provisions. 11.4 FURNISHING INFORMATION. Each Participant and his or her Beneficiary(ies) will cooperate with the Committee and the Record Keeper by furnishing any and all information requested by the Committee or the Record Keeper and take such other actions as may be requested in order to facilitate the administration of the Plan and the payments of benefits hereunder, including but not limited to taking such physical examinations as the Committee may deem necessary. 11.5 NO CONTRACT OF EMPLOYMENT. Nothing contained herein shall be construed to be a contract of employment for any term of years, nor as conferring upon any Participant the right to continue to be employed by the Company or any Affiliate in his or her present capacity or in

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-22- BST99 1605181-5.083572.0011 any capacity. It is expressly understood that this Plan relates to the payment of deferred compensation for each Participant's services, and is not intended to be an employment contract. 11.6 BENEFITS NOT TRANSFERABLE. No Participant or beneficiary under this Plan shall have any power or right to transfer, assign, anticipate, hypothecate or otherwise encumber any part or all of the amounts payable hereunder. No such amounts shall be subject to seizure by any creditor of any such Participant or Beneficiary, by a proceeding at law or in equity, nor shall such amounts be transferable by operation of law in the event of bankruptcy, insolvency or death of the Participant or Beneficiary. Any such attempted assignment shall be void. 11.7 SUCCESSORS. The provisions of this Plan shall bind and inure to the benefit of the Participant's employer and its successors and assigns and the Participant and the Participant's designated Beneficiaries. 11.8 SPOUSE'S INTEREST. The interest in the benefits hereunder of a spouse of a Participant who predeceases the Participant shall automatically pass to the Participant and shall not be transferable by such spouse in any manner, including but not limited to such spouse's will, nor shall such interest pass under the laws of intestate succession. 11.10 AMENDMENT AND TERMINATION. To the extent permitted under Section 409A Requirements, this Plan may be amended or terminated by the Company at any time, without notice to or consent of any person, pursuant to resolutions adopted by the Company. Any such amendment or termination shall take effect as of the date specified therein and, to the extent permitted by law and Section 409A Requirements, may have retroactive effect. However, no such amendment or termination shall reduce the amount then credited to the Participant's Account Balance under Section 4. Upon termination of this Plan, no further Deferral Election Forms may be filed hereunder, and to the extent permitted under Section 409A Requirements, all Account Balances shall be distributed and paid in full in a lump sum, and otherwise in accordance with the applicable terms of this Plan as in effect at the time of termination. Any other provision of this Plan to the contrary notwithstanding, the Plan may be amended by the Company at any time, and retroactively if required to the extent that, in the opinion of the Company, such amendment shall be necessary in order to conform the Plan to the requirements of any applicable law, including without limitation ERISA, any Section 409A Requirement and any other provision of the Code. No such amendment shall be considered prejudicial to any interest of a Participant or Beneficiary hereunder. 11.11 NOTICE. Either the Committee or the Record Keeper may specify that any election, form, designation, agreement or communication by a Participant under the Plan shall be made or submitted online at a site on the World Wide Web designated for such purpose, or by other reasonable electronic means. Subject to the foregoing, any notice, consent or demand required or permitted to be given under the provisions of this Plan shall be in writing, and shall be signed by the party giving or making the same. If such notice, consent or demand is mailed, it shall be sent by United States certified mail, postage prepaid, addressed, if to the Company or the Committee, to the Company Address set forth in the Adoption Agreement, and if to the Record Keeper, to the Record Keeper Address set forth in the Adoption Agreement, and if to any Participant, to such Participant's address most recently submitted by him or her to the Record Keeper (and in the absence of such submission, as most recently appearing on the records of the Company). The date of such mailing shall be deemed the date of notice, consent or demand. Any person may change the address to which notice is to be sent by giving notice of the change of address in the manner aforesaid.

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-23- BST99 1605181-5.083572.0011 11.12 FACILITY OF PAYMENT. If a distribution is to be made to a minor, or to a person who is otherwise incompetent, then the Committee may, in its discretion, make such distribution (i) to the legal guardian, or if none, to a parent of a minor payee with whom the payee maintains his or her residence, or (ii) to the conservator or committee or, if none, to the person having custody of an incompetent payee. Any such distribution shall fully discharge the Committee, the Record Keeper, the Company and the Plan from further liability on account thereof. 11.13 TAX WITHHOLDING AND REPORTING. The Company shall have the right to deduct any required withholding taxes from any payment made under this Plan. 11.14 GOVERNING LAW. The Plan and the right and obligations of all persons hereunder shall be governed by and construed in accordance with the laws of the state set forth in the Adoption Agreement, other than its laws regarding choice of law, to the extent that such state law is not preempted by federal law.

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-24- BST99 1605181-5.083572.0011 EXHIBIT A DEFERRED COMPENSATION PLAN PARTICIPATION AGREEMENT Name of Company:____ Name of Plan: Name of Participant:____ Effective Date of Participation:____________, 200__ The Company and the undersigned Committee have designated the undersigned employee as a Participant in the above Plan. In consideration of his or her designation as a Participant, the undersigned employee hereby agrees and acknowledges as follows: 1. That he or she has received and read a copy of the Plan, as currently in effect, which is incorporated herein by reference as an integral part of this Agreement, and he or she has no automatic right to continued participation in the Plan; 2. That he or she understands and agrees to be bound by all of the terms and conditions of the Plan, and to perform any and all acts required from him or her thereunder, and he or she understands that benefits payable under the Plan constitute unsecured obligations of the Company; 3. That he or she has the right to elect to defer compensation under the Plan, by completing and delivering to the Record Keeper a Deferral Election Form in the form and at the time specified by the Committee; 4. That he or she has the right to designate the Beneficiary or Beneficiaries, and thereafter to change the Beneficiary or Beneficiaries, of any death benefit payable under the Plan, by completing and delivering to the Company a Beneficiary Designation in the form specified by the Committee; 5. That this Agreement, which is governed by the laws set forth as the governing laws in the Plan, shall be binding upon the undersigned Participant and the Company, and their respective successors, beneficiaries and assigns, subject to the restrictions on assignment set forth in the Plan. IN WITNESS WHEREOF, this Agreement has been executed by the parties this ______ day of ________________, 200__. ______________________________ Witness ______________________________ Employee ______________________________ Committee ______________________________ Witness

By: ____________________________ Its Duly Authorized Officer

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-25- BST99 1605181-5.083572.0011 EXHIBIT B DEFERRED COMPENSATION PLAN Deferral Election Form Name of Company:____ Name of Plan: ____ I, the undersigned Participant in the above Plan, enter into this Agreement this ___ day of __________, 200__, with the above Company. I elect not to participate for the 20__ Plan Year; or I acknowledge I have been offered an opportunity to participate in the Company's __________________ Plan (the "Plan") for the Plan Year beginning January 1, 200__ (the "Applicable Plan Year"), and will participate by irrevocably electing the alternatives set forth as indicated below: Election to Defer I duly authorize the Company to make the appropriate deductions from my paycheck and hereby elect to defer receipt of the following portion of my compensation, as set forth below: (whole percentages are required) ____% of my 200__ annual base salary earned in the Applicable Plan Year (maximum __%) ____% of my 200__ annual bonus, if any, earned in the Applicable Plan Year (maximum __%) Election for Distribution I hereby elect to receive distributions of that portion of my Account Balance resulting from the foregoing election, together with any Annual Company Discretionary Amount and any Annual Company Matching Amount credited with respect to the Applicable Plan Year, as follows (all including any notional gains or losses attributed to each such amounts): (whole percentages are required and must total 100%) ____% In-Service Distribution paid in a lump sum on _________ (mm/dd/yyyy) (but not earlier than 20__) ____% Retirement Distribution paid at Retirement as: A Lump Sum (100%); or ____ Annual Installments (not to exceed ___) Distribution elections may be postponed for a minimum period of five years under certain circumstances, by submitting a request to the Committee no later than 12 months prior to the distribution commencement date. I understand that except for limited Unforeseen Emergencies, payment dates and/or the number of installments may not be accelerated and may be subject to a number of other restrictions, as more particularly provided in the Plan Document. Participant Signature

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-26- BST99 1605181-5.083572.0011 EXHIBIT C DEFERRED COMPENSATION PLAN Notional Investment Election Form for Future Deferrals Name of Company: ________________ Name of Plan: ____ I, the undersigned Participant in the above Plan, enter into this Agreement this ___ day of ___________, 200__, with the above Company. I elect to allocate my deferrals to the following Notional Investment Options. I understand that I may change these allocations online by logging into the following website: _________________. (Allocation changes will be effective as of the first business day of the month following the date of the request.) Investment Allocations must be in whole percentages and total 100%. ________________ Fund _____ % ________________ Fund _____ % ________________ Fund _____ % ________________ Fund _____ % ________________ Fund _____ % ________________ Fund _____ % The foregoing elections apply to (select one; if none selected, this election will apply only to future deferrals): Future deferrals, only My existing Account Balance, only Both future deferrals and my existing Account Balance. I understand that Notional Investment elections are used for the purpose of calculating the amounts of certain benefits to be paid under the Plan, which are unsecured obligations of the Company and do not reflect actual investments or assets held for my benefit. I further understand that the Company has no legal obligation to continue providing a fund in the Plan. I have received and understood the accompanying material which provided a detailed explanation of Notional Investment options. _________________________________ Participant Signature

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-27- BST99 1605181-5.083572.0011 EXHIBIT D DEFERRED COMPENSATION PLAN Beneficiary Designation Form Name of Company: ____ Name of Plan: ____ I, the undersigned Participant in the above Plan, in accordance with the rights granted to me in the Plan, do hereby designate as Beneficiary to receive payments thereunder in the event of my death: PRIMARY BENEFICIARY Name Tax ID Relationship Percent CONTINGENT BENEFICIARY Name Tax ID Relationship Percent I further reserve the privilege of changing the Beneficiary herein named at any time or times without the consent of any such beneficiary, except as required by law. This nomination is made upon the following terms and conditions, and I acknowledge that a Beneficiary Designation may only be made by completing and filing this form with the Committee (or its designee): 1. The word "Beneficiary" as used herein shall include the plural, Beneficiaries, wherever the context permits. 2. For purposes of this Beneficiary Designation, no person shall be deemed to have survived the Participant if that person dies within thirty (30) days of my death. 3. Beneficiary shall mean the Primary Beneficiary if such Primary Beneficiary survives me by at least thirty (30) days, and shall mean the Contingent Beneficiary if the Primary Beneficiary does not survive me by at least thirty (30) days. 4. If the Primary Beneficiary shall be deceased on any annual payment date, any and all remaining annual payments shall be payable to the Contingent Beneficiary unless the executors or administrators of said deceased Beneficiary are named as Primary Beneficiary herein above. 5. If more than one Beneficiary is named within the same class (i.e., Primary or Contingent), then annual payments shall be made equally to such Beneficiaries unless otherwise provided herein above. If any such Beneficiary dies while receiving annual payments under said Agreement, any and all remaining payments shall

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-28- BST99 1605181-5.083572.0011 continue to be made to the surviving Beneficiaries of such class and to the legal heirs of the deceased Beneficiary, which legal heirs shall receive the amount which was being received by said deceased Beneficiary. 6. If none of the Beneficiaries named herein above are living on any said annual payment date, any and all remaining payments shall be made to my executors or administrators, or upon their written request, to any person or persons so designated by them. 7. If any such annual payments shall be payable to any trust, the Company shall not be liable to see to the application by the Trustee of any payment hereunder at any time, and may rely upon the sole signature of the Trustee to any receipt, release or waiver, or to any transfer or other instrument to whomsoever made purporting to affect this nomination or any right hereunder. This nomination cancels and supersedes any Nomination of Beneficiary heretofore made by me with respect to said Plan and the right to receive payments thereunder. Dated: ______________________ Participant: ______________________ Received this ________ day of ______________, 200__ ______________________ Participant Signature

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-29- BST99 1605181-5.083572.0011 Spouse's Consent (to be completed if Participant's Spouse is not 100% Primary Beneficiary): I hereby consent to the beneficiary designation made on this Beneficiary Designation Form. I understand that: 1. I would receive 100% of the amount payable under the Plan on account of my spouse's death if I do not consent to the Primary Beneficiary Designation made above. 2. The beneficiary(ies) will be entitled to my spouse's account balance upon his or her death. 3. My spouse's election cannot be effective without my consent. 4. My consent is irrevocable unless my spouse revokes his or her beneficiary designation.

Printed Name of Participant's Spouse

Spouse's Signature

Date Signed

Printed Name of Notary Public or Authorized Plan Representative

Signature of Notary Public or Authorized Plan Representative

Date Signed My Notary Commission Expires: __________, 20__

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BST99 1605181-5.083572.0011 SPECIMEN RESOLUTIONS TO BE ADOPTED AT THE MEETING OF THE BOARD OF DIRECTORS OF ____________________________ Date: ______, 2____ WHEREAS, the Board of Directors of ________________________, a ______________ Company (the "Company"), believes that it is in the best interests of the Company to create a benefit plan for a select group of management or highly compensated employees of the Company, and the Board of Directors intends such plan to be considered an unfunded arrangement for purposes of the Employment Retirement Income Securities Act of 1974; NOW, THEREFORE, it is hereby RESOLVED: That the Board of Directors hereby approves and adopts the attached ____________________________ Plan (the "Plan") and the Adoption Agreement attached thereto, and in connection therewith, that the President, the Treasurer and the _____________________ [insert titles of other officers, if any] of the Company hereby are, and each such officer acting singly hereby is, authorized and directed in the name and on behalf of this Company, to execute and deliver, under seal, if desired, and to acknowledge and make oath with respect to, if desired, said Adoption Agreement and Plan, together with any record keeping or other similar service agreement and such other instruments, documents, filings and agreements as any such officer, acting singly, from time to time may determine to be necessary, convenient or appropriate to carry out any of the purposes or intent of the Plan or any of the resolutions adopted hereby; RESOLVED: That the Board of Directors hereby appoints the following individuals to serve as members of the Committee of the Plan, each such person to serve in such capacity in accordance with the Plan's terms and conditions until his or her successor shall have been duly elected by this Board and qualified, and such Committee shall have full power and authority to designate and appoint key employees and other qualified persons as participants under the Plan, and to designate and appoint such record keepers, agents and representatives, to retain such consultants and professional advisers, to incur such fees and to make and enter into (and authorize one or more of its representative to do the same) such instruments, documents, filings and agreements as a majority of such Committee from time to time may determine to be necessary, convenient or appropriate to carry out any of the purposes or intent of the Plan or any of the resolutions adopted hereby: _________________________________ RESOLVED: That no executive or manager who is a Participant in the Plan and is delegated authority to act on behalf of the Company or as a member of the Committee shall vote or otherwise participate directly in any decision that may affect the amount or timing of payments of his or her own benefits made under the Plan. RESOLVED: That any person may rely on the foregoing resolutions, appointments and authorizations until receipt of notice by the Company or Committee that any such resolution, appointment or authority has been terminated, revoked or amended, and no such termination, revocation or amendment shall serve to eliminate any benefit theretofore granted or any action theretofore taken in good faith in reliance on any such resolution, appointment or authority.

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BST99 1605181-5.083572.0011 SPECIMEN DEPARTMENT OF LABOR NOTICE LETTER [EXPLANATORY NOTE: IT IS THE EMPLOYER'S RESPONSIBILITY TO LIMIT PARTICIPATION IN THE PLAN TO A SELECT GROUP OF MANAGEMENT AND HIGHLY COMPENSATED EMPLOYEES AND TO FILE THIS LETTER WITH THE U.S. DEPARTMENT OF LABOR WITHIN 120 DAYS AFTER ESTABLISHING THE PLAN. U.S. Department of Labor Employee Benefits Security Administration Top Hat Plan Exemption 200 Constitution Avenue, N.W., Suite N-1513 Washington, D.C. 20210 The following employer hereby supplies the following information pursuant to Department of Labor Regulations Section 2520.104-23: Name and Address of Employer: ____________ ____________ ____________ Employer Identification Number: ____________ The Employer identified above maintains the following plan(s) for a select group of management or highly compensated employees: [Name of Plan] ____________ Number of Participants: ____________ [Name of Plan] ____________ Number of Participants: ____________ [Name of Plan] ____________ Number of Participants: ____________ Very truly yours, [Name of Employer] By ____________ Title ____________ Date: ____________, 20 ____

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Exhibit 21.1

Name of Subsidiary	State/Country of Incorporation
Unless otherwise noted all subsidiaries listed are, directly or indirectly, wholly owned by ModivCare Inc.	
ModivCare Solutions, LLC	Delaware
Circulation, Inc.	Delaware
Health Trans, Inc.	Delaware
Provado Technologies, LLC	Florida
Red Top Transportation, Inc.	Florida
Ride Plus, LLC	Delaware
Ingeus Investments Limited	United Kingdom
Ingeus, LLC	Saudi Arabia
Prometheus Holdco, LLC	Delaware
Victory Health Holdings, LLC	Delaware
Socrates Health Holdings, LLC	Delaware
National MedTrans, LLC	New York
OEP AM, Inc.	Delaware
AM Intermediate Holdco, Inc.	Delaware
AM Holdco, Inc. (dba Simplura Health Group)	Delaware
All Metro Health Care Services, Inc.	Delaware
CGA Holdco, Inc.	Delaware
Multicultural Home Care, Inc.	Massachusetts
Personal In-Home Services, Inc.	West Virginia
A&B Homecare Solutions, LLC	Connecticut
All Metro Home Care Services, Inc.	Delaware
Caregivers On Call, Inc.	Delaware
All Metro Field Service Workers Payroll Services Corporation	Delaware
All Metro CGA Payroll Services Corporation	Delaware
All Metro Management and Payroll Services Corporation	Delaware
All Metro Associate Payroll Services Corporation	Delaware
All Metro Home Care Services Service of New York, Inc.	New York
All Metro Home Care Services of Florida, Inc.	Delaware
All Metro Home Care Services of New Jersey, Inc.	Delaware
All Metro Aids Inc.	New York
All Metro Payroll Services Corporation	New York
All Metro Associate Payroll Services Corporation	Delaware
Independence Healthcare Corporation	Massachusetts
Guardian Medical Monitoring, LLC	Michigan
CareGivers America, LLC	Pennsylvania
CareGivers America Medical Staffing, LLC	Pennsylvania
CareGivers Alliance, LLC	Pennsylvania
CareGivers America Registry, LLC	Pennsylvania
ARU Hospice, Inc.	Pennsylvania
Helping Hand Home Health Care Agency, Inc.	Pennsylvania
CareGivers America Home Health Services, LLC	Pennsylvania
CareGivers America Medical Supply, LLC	Pennsylvania
CGA Staffing Services, LLC	Pennsylvania
Arsens Home Care, Inc.	Pennsylvania
ARUBU, Inc.	Pennsylvania
Helping Hand Hospice, Inc.	Pennsylvania
Panhandle Support Services, Inc.	West Virginia
ABC Homecare, LLC	Connecticut
TriMed, LLC	Utah
Metropolitan Medical Transportation IPA, LLC	New York

TriMed, LLC	Utah
Metropolitan Medical Transportation IPA, LLC	New York
Florida MedTrans Network MSO, LLC	Florida
Florida MedTrans Network, LLC	Florida
California MedTrans Network MSO, LLC	California
California MedTrans Network IPA, LLC	California
NEMT Insurance DE LLC, Series 1 (90% owned)	Delaware
Care Finders Total Care LLC	Delaware
Philadelphia Home Care Agency, Inc.	Pennsylvania
Union Home Care LLC	Pennsylvania
At-Home Quality Care LLC	Pennsylvania
Secura Home Health Holdings, Inc.	Delaware
Secura Home Health, LLC	Delaware
VRI Intermediate Holdings, LLC	Delaware
Valued Relationships, Inc.	Ohio
New England Emergency Response Systems, Inc.	New Hampshire
Auditory Response Systems, Inc.	New Hampshire
Safe Living Technologies, LLC	Delaware
Associated Home Services, Inc.	Texas
Barney's Medical Alert-ERS, Inc.	Texas
A.E. Medical Alert, Inc.	Texas
Healthcom Holdings LLC	Delaware
Healthcom, Inc.	Illinois
MLA Sales, LLC	Illinois
Modivcare Labs Private Limited	India
Guardian Medical Monitoring, LLC	Michigan
Higi SH Holdings, Inc.	Delaware
Higi SH LLC	Delaware
Higi SH Canada ULC	British Columbia
Higi Care Holdings, LLC	Delaware
Higi Care, LLC	Delaware

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (No. 333-212888, 333-183339, 333-166978, 333-151079, 333-135126, 333-145843 and 333-265750) on Form S-8, and the registration statement (No.333-233676) (No. 333-233676) on Form S-3 of our reports dated March 6, 2023 February 23, 2024, with respect to the consolidated financial statements and financial statement schedule II of ModivCare Inc. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Denver, Colorado
March 6, 2023 February 23, 2024

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement No. 333-233676 on Form S-3 and Registration Statement Nos. 333-212888, 333-183339, 333-166978, 333-151079, 333-135126, 333-145843, and 333-265750 on Form S-8 of our report dated February 25, 2022, relating to the financial statements of Mercury Parent, LLC, appearing in this Annual Report on Form 10-K of ModivCare, Inc. for the year ended December 31, 2022 December 31, 2023.

/s/ Deloitte & Touche LLP

Tempe, Arizona
March 6, 2023 February 23, 2024

Exhibit 31.1

CERTIFICATIONS

I, L. Heath Sampson, certify that:

1. I have reviewed this annual report on Form 10-K of ModivCare Inc.;

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

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

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

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

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

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

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

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of 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: March 6, 2023 February 23, 2024

By: /s/ L. Heath Sampson

L. Heath Sampson

Chief Executive Officer

(Principal Executive Officer) Officer)

Exhibit 31.2

CERTIFICATIONS

I, L. Heath Sampson, Barbara Gutierrez, certify that:

1. I have reviewed this annual report on Form 10-K of ModivCare Inc.;

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

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

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

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

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

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

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

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of 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: March 6, 2023 February 23, 2024

By: /s/ L. Heath Sampson

L. Heath Sampson

Chief Financial Officer Barbara Gutierrez

Barbara Gutierrez

Chief Financial Officer

(Principal Financial Officer) Officer)

Exhibit 32.1

MODIVCARE INC.

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

Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of ModivCare Inc. (the “Company”), does hereby certify with respect to the Annual Report of the Company on Form 10-K for the year ended December 31, 2022 December 31, 2023 (the “Report”) that, to the best of such officer’s knowledge:

(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: March 6, 2023 February 23, 2024

By: /s/ L. Heath Sampson
L. Heath Sampson
Chief Executive Officer
(Principal Executive Officer)Officer)

Exhibit 32.2

MODIVCARE INC.

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

Pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of ModivCare Inc. (the “Company”), does hereby certify with respect to the Annual Report of the Company on Form 10-K for the year ended December 31, 2022 December 31, 2023 (the “Report”) that, to the best of such officer’s knowledge:

(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: March 6, 2023 February 23, 2024

By: /s/ L. Heath Sampson
L. Heath Sampson
Chief Financial Officer Barbara Gutierrez
Barbara Gutierrez
Chief Financial Officer
(Principal Financial Officer)Officer)

DODD-FRANK CLAWBACK POLICY MEMO

TO: Holding Company and Subsidiary Employees Subject to Dodd-Frank Clawback Policy
FROM: L. Heath Sampson, Chief Executive Officer
DATE: November 2, 2023
SUBJECT: Dodd-Frank Clawback Policy

The Board of Directors (the "Board") of ModivCare Inc. (the "Company") believes that it is in the best interests of the Company and its stockholders to maintain a culture that emphasizes integrity and accountability, and that reinforces the Company's pay-for-performance compensation philosophy. Therefore, it has been the Company's policy that the Compensation Committee of the Board (the "Compensation Committee") will, to the extent permitted by governing law, have the sole and absolute authority to make retroactive adjustments to any cash or equity-based incentive compensation paid to executive officers and certain other officers where the payment was predicated upon the achievement of certain financial results that were subsequently the subject of a restatement.

The Compensation Committee recently adopted the attached Dodd-Frank Clawback Policy (the "Policy") which continues to provide for the recoupment of certain executive compensation in the event of an accounting restatement and has been updated to comply with listing rules recently adopted by the Nasdaq Stock Market to implement Rule 10D-1 under the Securities Exchange Act of 1934, as amended. You are a "Covered Executive" (as defined in the Policy) and are therefore subject to the terms of the Policy as well as the terms of a broader clawback policy that will be provided under separate cover. We recommend that you review the Policy, which describes the events that could lead to a recoupment of specified compensation and the process for such recoupment.

Should you have any questions, please feel free to contact the Company's Deputy General Counsel, Jennifer Jaskolka (Jennifer.Jaskolka@modivcare.com, (303) 931-0224).

Policy Title	Dodd-Frank Clawback Polic
Approved By	Board of Directo
Applies To	Holding Company and Subsidiary Emplo
Effective Date	11-2-2023

The Board of Directors (the "Board") of ModivCare Inc. (the "Company") believes that it is in the best interests of the Company and its stockholders to maintain a culture that emphasizes integrity and accountability, and that reinforces the Company's pay-for-performance compensation philosophy. Therefore, the Board has adopted this Dodd-Frank Clawback Policy (this "Policy") which provides for the recoupment of certain executive compensation in the event of certain accounting restatements.

1. **Policy.** In the event that the Compensation Committee of the Board (the "Compensation Committee") concludes (utilizing the process set forth in this Policy) that the Company is required to restate its financial statements (including any such correction that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period) due to material non-compliance with any financial reporting requirement under the federal securities laws, the Compensation Committee will direct the Company to recover on a reasonably prompt basis the amount of Specified Compensation received by the Covered Executives during the recovery period that exceeds the amount that otherwise would have been received had it been determined based on the restated financial statements.

This Policy is intended to comply with, and as applicable to be administered and interpreted consistent with, and subject to the exceptions set forth in, Listing Standard 5608 adopted by the Nasdaq Stock Market to implement Rule 10D-1 under the Securities Exchange Act of 1934, as amended (collectively, "Rule 10D-1").

For purposes of this Policy:

a. The term "Specified Compensation" covers all compensation the grant, amount, payment, earning and/or vesting of which is calculated based in whole or in part on the Company's attainment of a financial reporting measure that was received by a person (i) on or after the Effective Date (as defined below) and after the person began service as a Covered Executive, and (ii) who served as a Covered Executive at any time during the performance period for the Specified Compensation. A financial reporting measure is (i) any measure that is determined and presented in accordance with the accounting principles used in preparing the Company's financial statements and any measure derived wholly or in part from such a measure, and (ii) any measure based in whole or in part on the Company's stock price or total shareholder return.

b. b. The term "Covered Executives" covers any executive officer of the Company as defined in Rule 10D-1.

c. Specified Compensation is "received" in the fiscal period during which the relevant financial reporting measure is attained, regardless of when the Specified Compensation is actually paid or awarded.

d. The Specified Compensation subject to this Policy is the Specified Compensation that is received during the "recovery period," which is any of the three completed fiscal years

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prior to the fiscal year in which the Company is required to prepare the accounting restatement described in this Policy, as determined pursuant to Rule 10D-1, and any transition period of less than nine months that is within or immediately following such three fiscal years.

The amount that is subject to recovery under this Policy is the amount of the Specified Compensation that was received by the Covered Executives during the recovery period *in excess of* the amount of the Specified Compensation that would have been received by the Covered Executives had it been based on the restated results. For Specified Compensation based on stock price or total shareholder return, where the amount of erroneously awarded compensation is not subject to mathematical recalculation directly from the information in an accounting restatement, the amount subject to recovery under this Policy will be determined based on a reasonable estimate of the effect of the accounting restatement on the relevant stock price or total shareholder return. In all cases, the calculation of the excess amount of Specified Compensation to be recovered will be determined on a pre-tax basis. The Company will maintain and will provide to the Nasdaq Stock Market documentation of all determinations and actions taken in complying with this Policy.

Subject to compliance with any applicable law, the Company may effect recovery under this Policy from any amount otherwise payable to a Covered Executive, including amounts payable to such individual under any otherwise applicable Company plan or program. Any recovery pursuant to this Policy shall be in addition to any other remedies or rights of recoupment that may be available to the Company under any other policy, including, but not limited to, the ModivCare Inc. General Clawback Policy, any employment agreement or plan or award terms or applicable law, including, disciplinary action up to and including termination of employment or other services; provided that the Company shall not recoup amounts pursuant to such other policy, terms or remedies to the extent it is recovered pursuant to this Policy.

2. **Recovery Process.** The amount of the recovery pursuant to this Policy will be determined pursuant to the following process:

a. The Audit Committee of the Board (the "Audit Committee") will have the initial responsibility to investigate any restatement. If the Audit Committee concludes that a restatement is required due to material non-compliance with any financial reporting requirement under the federal securities laws (including any such correction that is material to the previously issued financial statements, or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period), the Audit Committee will then report its findings to the Compensation Committee.

b. The Compensation Committee will review the Audit Committee's report and make a determination as to the amount of the recovery to be sought from the applicable Covered Executives. The Compensation Committee's determination will then be reported to the Board.

c. The Board will then make a final review and determination in compliance with the requirements of this Policy and Rule 10D-1.

The Company need not recover the excess amount of Specified Compensation if and to the extent that the Board determines that such recovery is impracticable, subject to and in accordance with any applicable exceptions under the Nasdaq Stock Market listing rules and not required under Rule 10D-1, including if the Board determines that the direct expense paid to a third party to assist in enforcing this

Policy would exceed the amount to be recovered after making a reasonable attempt to recover such amounts.

The Board will determine the method for recouping Specified Compensation hereunder which may include, without limitation: (a) requiring reimbursement of cash Specified Compensation previously paid; (b) seeking recovery of any gain realized on the vesting, exercise, settlement, sale, transfer or other disposition of any equity-based awards; (c) offsetting the recouped amount from any compensation otherwise owed by the Company to the Covered Executive; (d) cancelling outstanding vested or unvested equity awards; and/or (e) taking any other remedial and recovery action permitted by law, as determined by the Board.

It is also expected that the Board will interpret this Policy as necessary in order to construe this Policy, resolve any dispute, or correct any error or ambiguity, in each case in the application of this Policy in individual cases and in compliance with the requirements of Rule 10D-1. Any determination by the Board under this Policy shall be final, binding and conclusive on all persons.

3. **Effective Date.** This Policy was adopted on November 2, 2023 (the "Effective Date"). This Policy is binding and enforceable against all Covered Executives and their beneficiaries, heirs, executors, administrators or other legal representatives.

4. **Indemnification.** The members of the Audit Committee, Compensation Committee and Board shall not be personally liable for any action, determination or interpretation made with respect to this Policy and shall be fully indemnified by the Company to the fullest extent under applicable law with respect to any such action, determination or interpretation. The Company shall not indemnify any Covered Executives against the loss of any Specified Compensation pursuant to this Policy.

5. **Amendment and Termination.** The Board has the sole authority to amend, modify, supplement, rescind or replace all or any portion of this Policy at any time, provided that at all times the Company has in effect a clawback policy that complies with the requirements of Rule 10D-1.

DISCLAIMER

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