REFINITIV

DELTA REPORT

10-Q

MODV - MODIVCARE INC

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

The following comparison report has been automatically generated

TOTAL DELTAS	1233
CHANGES	229
DELETIONS	479
ADDITIONS	525

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

FORM 10-Q

(Mark One)

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

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

OR

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

For the transition period from ______to ______

Commission File Number 001-34221

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) 728-7012
(Registrant's telephone number, including area code)

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

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

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

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

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

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

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

As of October 27, 2023 April 26, 2024, there were 14,186,655 14,210,882 shares outstanding (excluding treasury shares of 5,428,370) 5,425,706) of the registrant’s Common Stock, $0.001 par value per share.

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PART I—FINANCIAL INFORMATION

Item 1. Financial Statements.

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

	September 30, 2023	December 31, 2022
March 31, 2024	March 31, 2024	December 31, 2023

Assets	**Assets**			**Assets**
Current assets:	Current assets:			Current assets:
Cash and cash equivalents	Cash and cash equivalents	$ 8,070	$ 14,451	
Accounts receivable, net of allowance of $1,396 and $2,078, respectively		202,701	223,210	
Accounts receivable, net of allowance of $411 and $969, respectively				
Contract receivables	Contract receivables	129,275	71,131	
Other receivables	Other receivables	8,782	2,506	
Prepaid expenses and other current assets	Prepaid expenses and other current assets	38,569	34,332	
Restricted cash	Restricted cash	544	524	
Total current assets	Total current assets	387,941	346,154	
Property and equipment, net	Property and equipment, net	81,419	69,138	
Long-term contract receivables				
Goodwill	Goodwill	785,554	968,654	
Payor network, net	Payor network, net	346,109	391,980	
Other intangible assets, net	Other intangible assets, net	34,482	47,429	
Equity investment	Equity investment	45,207	41,303	
Operating lease right-of-use assets	Operating lease right-of-use assets	39,744	39,405	
Other assets	Other assets	42,630	40,209	
Total assets	Total assets	$1,763,086	$1,944,272	
Liabilities and stockholders' equity	**Liabilities and stockholders' equity**			
Current liabilities:	Current liabilities:			
Current liabilities:				
Current liabilities:				
Accounts payable				
Accounts payable				
Accounts payable	Accounts payable	$ 41,834	$ 54,959	

Accrued contract payables	Accrued contract payables	133,576	194,287	
Accrued transportation costs	Accrued transportation costs	102,974	96,851	
Accrued expenses and other current liabilities	Accrued expenses and other current liabilities	146,564	135,860	
Current portion of operating lease liabilities	Current portion of operating lease liabilities	8,902	9,640	
Short-term borrowings	Short-term borrowings	83,000	—	
Total current liabilities	Total current liabilities	516,850	491,597	
Long-term debt, net of deferred financing costs of $17,370 and $20,639, respectively		982,630	979,361	
Long-term debt, net of deferred financing costs of $15,104 and $16,243, respectively				
Deferred tax liabilities	Deferred tax liabilities	42,001	57,236	
Operating lease liabilities, less current portion	Operating lease liabilities, less current portion	33,397	32,088	
Operating lease liabilities, less current portion				
Operating lease liabilities, less current portion				
Other long-term liabilities	Other long-term liabilities	29,347	29,434	
Total liabilities	Total liabilities	1,604,225	1,589,716	
Commitments and contingencies (Note 13)				
Commitments and contingencies (Note 12)				Commitments and contingencies (Note 12)
Stockholders' equity	**Stockholders' equity**			
Common stock: Authorized 40,000,000 shares; $0.001 par value; 19,771,636 and 19,729,923, respectively, issued and outstanding (including treasury shares)		20	20	
Common stock: Authorized 40,000,000 shares; $0.001 par value; 19,799,177 and 19,775,041, respectively, issued and outstanding (including treasury shares)				

Common stock: Authorized 40,000,000 shares; $0.001 par value; 19,799,177 and 19,775,041, respectively, issued and outstanding (including treasury shares)			
Common stock: Authorized 40,000,000 shares; $0.001 par value; 19,799,177 and 19,775,041, respectively, issued and outstanding (including treasury shares)			
Additional paid-in capital	Additional paid-in capital	448,443	444,255
Retained earnings (accumulated deficit)	Retained earnings (accumulated deficit)	(19,185)	180,023
Treasury shares, at cost, 5,575,275 and 5,573,529 shares, respectively		(270,417)	(269,742)
Treasury shares, at cost, 5,572,611 and 5,571,004 shares, respectively			
Total stockholders’ equity	Total stockholders’ equity	158,861	354,556
Total liabilities and stockholders’ equity	Total liabilities and stockholders’ equity	$1,763,086	$1,944,272

See accompanying notes to the unaudited condensed consolidated financial statements.

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

		Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
Service revenue, net	Service revenue, net	$ 686,925	$ 647,782	$ 2,048,338	$ 1,850,472
Service revenue, net					
Service revenue, net					
Grant income (Note 2)					
Grant income (Note 2)					
Grant income (Note 2)	Grant income (Note 2)	551	789	4,649	4,587
Operating expenses:	Operating expenses:				
Operating expenses:					
Operating expenses:					
Service expense					
Service expense					
Service expense	Service expense	579,214	534,563	1,718,735	1,498,108
General and administrative expense	General and administrative expense	70,142	75,889	229,095	232,108
General and administrative expense					

General and administrative expense					
Depreciation and amortization	Depreciation and amortization	26,077	25,672	77,679	74,376
Impairment of goodwill		—	—	183,100	—
Depreciation and amortization					
Depreciation and amortization					
Total operating expenses					
Total operating expenses					
Total operating expenses	Total operating expenses	675,433	636,124	2,208,609	1,804,592
Operating income (loss)	Operating income (loss)	12,043	12,447	(155,622)	50,467
Operating income (loss)					
Operating income (loss)					
Interest expense, net	Interest expense, net	17,844	15,557	50,769	46,429
Income (loss) before income taxes and equity method investment		(5,801)	(3,110)	(206,391)	4,038
Income tax (provision) benefit		1,659	1,053	4,362	(877)
Interest expense, net					
Interest expense, net					
Loss before income taxes and equity method investment					
Loss before income taxes and equity method investment					
Loss before income taxes and equity method investment					
Income tax benefit					
Income tax benefit					
Income tax benefit					
Equity in net income (loss) of investee, net of tax	Equity in net income (loss) of investee, net of tax	(160)	(26,448)	2,821	(28,020)
Equity in net income (loss) of investee, net of tax					
Equity in net income (loss) of investee, net of tax					
Net loss					
Net loss					
Net loss	Net loss	$ (4,302)	$ (28,505)	$ (199,208)	$ (24,859)
Loss per common share:	Loss per common share:				
Loss per common share:					
Loss per common share:					
Basic	Basic	$ (0.30)	$ (2.03)	$ (14.06)	$ (1.77)
Basic					
Basic					
Diluted					
Diluted					
Diluted	Diluted	$ (0.30)	$ (2.03)	$ (14.06)	$ (1.77)
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					
Basic	Basic	14,182,839	14,051,794	14,169,537	14,041,224
Diluted	Diluted	14,182,839	14,051,794	14,169,537	14,041,224
Diluted					
Diluted					

See accompanying notes to the unaudited condensed consolidated financial statements.

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

	Nine months ended September 30, 2023	Nine months ended September 30, 2022	Three months ended March 31, 2024	Three months ended March 31, 2023
Operating activities				
Net loss	$ (199,208)	$ (24,859)		
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation	18,212	14,398		
Depreciation				
Depreciation				
Amortization	59,467	59,978		
Stock-based compensation	4,029	5,152		
Deferred income taxes	(15,235)	(31,232)		
Impairment of goodwill	183,100	—		
Amortization of deferred financing costs and debt discount	3,907	3,878		
Other assets	(2,421)	(8,448)		
Amortization of deferred financing costs and debt discount				
Amortization of deferred financing costs and debt discount				
Equity in net (income) loss of investee	(3,915)	38,883		
Reduction of right-of-use assets	9,875	8,680		
Changes in operating assets and liabilities:				
Accounts receivable and other receivables	14,242	4,403		

Accounts receivable and other receivables				
Accounts receivable and other receivables				
Contract receivables	Contract receivables	(58,143)	(35,580)	
Prepaid expenses and other current assets	Prepaid expenses and other current assets	(4,499)	4,254	
Long-term contract receivables				
Accrued contract payables	Accrued contract payables	(60,710)	(37,786)	
Accounts payable and accrued expenses	Accounts payable and accrued expenses	(2,422)	55,887	
Accrued transportation costs	Accrued transportation costs	6,123	(13,180)	
Other assets				
Other long-term liabilities	Other long-term liabilities	(9,729)	1,098	
Net cash provided by (used in) operating activities	Net cash provided by (used in) operating activities	(57,327)	45,526	
Investing activities	**Investing activities**			**Investing activities**
Purchase of property and equipment	Purchase of property and equipment	(31,143)	(25,518)	
Acquisitions, net of cash acquired		—	(78,872)	
Net cash used in investing activities				
Net cash used in investing activities				
Net cash used in investing activities	Net cash used in investing activities	(31,143)	(104,390)	
Financing activities	**Financing activities**			**Financing activities**
Net proceeds from short-term borrowings	Net proceeds from short-term borrowings	83,000	—	
Payment of debt issuance costs	Payment of debt issuance costs	(376)	(2,415)	
Proceeds from common stock issued pursuant to stock option exercise		31	1,237	
Restricted stock surrendered for employee tax payment	Restricted stock surrendered for employee tax payment	(861)	(649)	
Other financing activities		315	—	
Net cash provided by (used in) financing activities		82,109	(1,827)	

Restricted stock surrendered for employee tax payment	
Restricted stock surrendered for employee tax payment	
Net cash provided by financing activities	
Net cash provided by financing activities	
Net cash provided by financing activities	

Net change in cash, cash equivalents and restricted cash	Net change in cash, cash equivalents and restricted cash	(6,361)	(60,691)
Cash, cash equivalents and restricted cash at beginning of period	Cash, cash equivalents and restricted cash at beginning of period	14,975	133,422
Cash, cash equivalents and restricted cash at end of period	Cash, cash equivalents and restricted cash at end of period	$ 8,614	$ 72,731

See accompanying notes to the unaudited condensed consolidated financial statements.

ModivCare Inc.
Unaudited Supplemental Cash Flow Information
(in thousands)

	Nine months ended September 30,	
Supplemental cash flow information	**2023**	**2022**
Cash paid for interest	$ 32,816	$ 31,460
Cash paid for income taxes	$ 8,348	$ 4,159
Assets acquired under operating leases	$ 10,214	$ 3,298
Acquisitions:		
Purchase price	$ —	$ 79,199
Less:		
Cash acquired	—	327
Acquisitions, net of cash acquired	$ —	$ 78,872

	Three months ended March 31,	
Supplemental cash flow information	**2024**	**2023**
Cash paid for interest	$ 4,221	$ 1,200
Cash paid for income taxes	$ 270	$ 429
Assets acquired under operating leases	$ 3,736	$ 4,453

See accompanying notes to the unaudited condensed consolidated financial statements.

ModivCare Inc.
Unaudited Condensed Consolidated Statements of Stockholders' Equity
(in thousands, except share and per share data)

	Three months ended March 31, 2024
	Three months ended March 31, 2024
	Three months ended March 31, 2024
Common Stock	
Common Stock	

	Common Stock						
	Shares	Amount	Paid-In Capital	(Accumulated Deficit)	Shares	Amount	Total
Balance at December 31, 2023							
Net loss							
Stock-based compensation							
Restricted stock issued							
Restricted stock issued							
Restricted stock issued							
Restricted stock surrendered for employee tax payment							
Shares issued for bonus settlement and director stipends							
Balance at March 31, 2024							

	Nine months ended September 30, 2023						
	Common Stock		Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Treasury Stock		
	Shares	Amount			Shares	Amount	Total
Balance at December 31, 2022	19,729,923	$ 20	$ 444,255	$ 180,023	5,573,529	$ (269,742)	$ 354,556
Net loss	—	—	—	(3,962)	—	—	(3,962)
Stock-based compensation	—	—	1,039	—	—	—	1,039
Restricted stock issued	24,903	—	—	—	—	—	—
Restricted stock surrendered for employee tax payment	—	—	—	—	6,000	(620)	(620)
Shares issued for bonus settlement and director stipends	1,006	—	85	—	—	—	85
Balance at March 31, 2023	19,755,832	$ 20	$ 445,379	$ 176,061	5,579,529	$ (270,362)	$ 351,098
Net loss	—	—	—	(190,944)	—	—	(190,944)
Stock-based compensation	—	—	1,021	—	—	—	1,021

Exercise of employee stock options	549	—	31	—	—	—	31
Restricted stock issued	9,116	—	—	—	—	—	—
Restricted stock surrendered for employee tax payment	—	—	—	—	3,138	(221)	(221)
Shares issued for bonus settlement and director stipends	1,871	—	85	—	—	—	85
Shares issued for ESPP	—	—	178	—	(7,874)	193	371
Balance at June 30, 2023	19,767,368	$ 20	$ 446,694	$ (14,883)	5,574,793	$ (270,390)	$ 161,441
Net loss	—	—	—	(4,302)	—	—	(4,302)
Stock-based compensation	—	—	1,664	—	—	—	1,664
Restricted stock issued	1,583	—	—	—	—	—	—
Restricted stock surrendered for employee tax payment	—	—	—	—	482	(27)	(27)
Shares issued for bonus settlement and director stipends	2,685	—	85	—	—	—	85
Balance at September 30, 2023	19,771,636	$ 20	$ 448,443	$ (19,185)	5,575,275	$ (270,417)	$ 158,861

Three months ended March 31, 2023							Three months ended March 31, 2023
Common Stock							
Common Stock							
Common Stock							
	Shares	Amount	Paid-In Capital	Earnings	Shares	Amount	Total
Balance at December 31, 2022							
Net loss							
Stock-based compensation							
Restricted stock issued							
Restricted stock issued							
Restricted stock issued							

Restricted stock surrendered for employee tax payment							
Shares issued for bonus settlement and director stipends							
Balance at March 31, 2023							

	Nine months ended September 30, 2022						
	Common Stock		Additional Paid-In	Retained	Treasury Stock		
	Shares	Amount	Capital	Earnings	Shares	Amount	Total
Balance at December 31, 2021	19,589,422	$ 20	$ 430,449	$ 211,829	5,568,983	$ (269,031)	$ 373,267
Net income	—	—	—	318	—	—	318
Stock-based compensation	—	—	1,963	—	—	—	1,963
Exercise of employee stock options	20,683	—	1,138	—	—	—	1,138
Restricted stock issued	16,306	—	—	—	—	—	—
Restricted stock surrendered for employee tax payment	—	—	—	—	5,179	(572)	(572)
Shares issued for bonus settlement and director stipends	732	—	86	—	—	—	86
Balance at March 31, 2022	19,627,143	$ 20	$ 433,636	$ 212,147	5,574,162	$ (269,603)	$ 376,200
Net income	—	—	—	3,328	—	—	3,328
Stock-based compensation	—	—	2,363	—	—	—	2,363
Exercise of employee stock options	16	—	—	—	—	—	—
Restricted stock forfeited	(551)	—	—	—	—	—	—
Restricted stock surrendered for employee tax payment	—	—	—	—	322	(36)	(36)

Shares issued for bonus settlement and director stipends	1,000	—	85	—	—	—	85
Balance at June 30, 2022	19,627,608	$ 20	$ 436,084	$ 215,475	5,574,484	$ (269,639)	$ 381,940
Net loss	—	—	—	(28,505)	—	—	(28,505)
Stock-based compensation	—	—	570	—	—	—	570
Exercise of employee stock options	3,381	—	100	—	—	—	100
Restricted stock issued	914	—	—	—	—	—	—
Restricted stock surrendered for employee tax payment	—	—	—	—	421	(42)	(42)
Shares issued for bonus settlement and director stipends	846	—	85	—	—	—	85
Balance at September 30, 2022	19,632,749	$ 20	$ 436,839	$ 186,970	5,574,905	$ (269,681)	$ 354,148

See accompanying notes to the unaudited condensed consolidated financial statements.

ModivCare Inc.
Notes to the Unaudited Condensed Consolidated Financial Statements
September 30, 2023 March 31, 2024

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 ("SDoH") by connecting members to essential care services. By doing so, ModivCare helps health plans manage risks, reduce costs, and improve overall health outcomes. ModivCare is a provider of non-emergency medical transportation ("NEMT"), personal care services ("PCS"), and remote patient monitoring solutions ("RPM") solutions, , which serve similar, highly vulnerable patient populations. The technology-enabled operating model in its NEMT segment includes the coordination of non-emergency medical transportation services supported by an infrastructure of core competencies in risk underwriting, contact center management, network credentialing and 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 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 the Corporate and Other segment, maintains a national network of community-based clinicians who deliver in-home and on-site 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 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 accompanying unaudited condensed consolidated financial statements have been prepared in accordance with GAAP for interim financial information, and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and disclosures required by GAAP for complete financial statements. In the opinion of management, all adjustments considered necessary for the fair presentation of the results of the interim periods have been included.

The Company has made estimates relating to the reporting of assets and liabilities, revenues and expenses, and certain disclosures in the preparation of these unaudited condensed consolidated financial statements in conformity with GAAP. Actual results could differ from those estimates. Operating results for the three and nine months ended September 30, 2023 March 31, 2024 are not necessarily indicative of the results that may be expected for the fiscal year ending December 31, 2023 December 31, 2024. Management has evaluated events and transactions that occurred after the balance sheet date and through the date these unaudited condensed consolidated financial statements were filed with the SEC and considered the effect of such events in the preparation of these unaudited condensed consolidated financial statements.

The unaudited condensed consolidated balance sheet at December 31, 2022 December 31, 2023 included in this Form 10-Q has been derived from audited financial statements at that date, but does not include all the information and footnotes required by GAAP for complete financial statements. The unaudited condensed consolidated financial statements contained herein should be read in conjunction with the audited financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

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

Liquidity

As of the issuance date of these unaudited condensed consolidated financial statements, the Company expects its cash and cash equivalents of $10.3 million and accounts receivable, contract receivables, and other receivables of $362.9 million as of March 31, 2024, along with cash flows from operations and amounts currently available under the Credit Facility to 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, which 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 the 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

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, structural changes in the industry as a result of the pandemic,

as well as ongoing constraints on the labor market, specifically related to the strain on healthcare professionals, could continue to have an adverse impact on the Company's financial statements. The Company continues to actively monitor the structural changes to the industry and the impact these have on our the 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 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"). Through ARPA 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 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 provided we are the Company is able to attest to and comply with any terms and conditions of such funding, as applicable. See discussion of grant income government grants at Note 2, *Significant Accounting Policies and Recent Accounting Pronouncements*.

2. Significant Accounting Policies and Recent Accounting Pronouncements

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, including disclosure of contingencies, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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 based on the observability of inputs are defined as follows:

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

- Level 2: Significant Other Observable Inputs – inputs to the valuation methodology 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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, 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 the Company's publicly traded debt securities are based on quoted market prices, when available. See Note 9, 8, *Debt*, for the fair value of our the Company's long-term debt.

Goodwill and Intangible Assets

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.

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 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, then the Company performs a quantitative assessment and 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.

As a result of the Company's annual goodwill assessment during the second quarter of 2023, the Company recorded a $183.1 million impairment of goodwill within its Personal Care and Remote Patient Monitoring 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 and determined that the goodwill at its PCS and RPM reporting units was impaired. See Note 7, *Goodwill and Intangible Assets*, for additional details.

Internal-use Software and Cloud Computing Arrangements

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 lives 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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, capitalized costs associated with CCA, net of accumulated amortization were $14.6 million $13.7 million and $11.9 million $14.6 million, respectively. The value of accumulated amortization as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 was $4.1 million $6.4 million and $2.2 million $5.2 million, respectively. Amortization expense during the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, totaled $0.6 million $1.3 million and $0.5 million, respectively, and during the nine months ended September 30, 2023 and 2022, totaled $1.8 million and $0.9 million, respectively.

Revenue Recognition

Under ASC 606, the Company recognizes revenue as it transfers promised services directly to its customers at the amount that reflects the consideration to which the Company expects to be entitled in exchange for providing these services. The Company's performance obligations are driven by its different segments of business and primarily consist of 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 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 PCS segment, the Company's performance obligation is to deliver patient care services in accordance with the nature and frequency of services 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 monitoring, vitals monitoring, and 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 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 patients and third-party payors for services rendered and revenue is recognized using the right to invoice practical expedient. Under RPM contracts, payors pay per-enrolled-member-per-month, based on enrolled 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. The PCS segment uses the portfolio approach to determine the estimated revenue adjustments. See further information in Note 4, *Revenue Recognition*.

Government Grants

The Company has periodically receives government grants and other forms of government assistance. Funding received government grants from governmental entities under these programs generally requires that the recipient attest to and complies with certain terms and conditions and is not generated from the Company's contractual performance obligations under ASC 606, *Revenue from Contracts with Customers*. Government grant distributions have been received primarily under the CARES Act PRF and the ARPA SLFRF to provide economic relief and stimulus to combat address the health and economic impacts of the COVID-19 pandemic. During pandemic, as well as through other entities that provide funds with specific stipulations on the third quarter usage 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 these government grants of approximately $6.5 million and $1.4 million during the three months ended September 30, 2023 and 2022, respectively, of which $0.6 million and $0.8 million were recognized as grant income during the three months ended September 30, 2023 and 2022, respectively, with the remaining balance recorded in accrued expenses and other current liabilities. During the nine months ended September 30, 2023 and 2022, the Company received distributions of approximately $21.0 million and $10.4 million, respectively, of which $4.6 million was recognized as grant income during each of the the nine months ended September 30, 2023 and 2022, respectively, with the remaining balance recorded in accrued expenses and other current liabilities. funds. 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 and provide stimulus to support long-term growth and recovery. When received, these government grants are generally recorded on the unaudited condensed consolidated balance sheets in "Accrued expenses and other current liabilities" until the time at which there is reasonable assurance the conditions of the grant will be met, at which point they can be recognized on the unaudited condensed consolidated statement of operations. Once recognized, the Company records the

funds as "Grant income" if the grant is related to the loss of revenues or as contra-expense in "Service expense" if the grant is used to offset certain costs for which the grants are intended to compensate. The Company received grant distributions of approximately $14.0 million and $1.6 million during the three months ended March 31, 2024 and 2023, respectively. In the first quarter of 2024, no funds were recognized as grant income and $15.3 million was recognized as contra-expense in "Service expense." In the first quarter of 2023, $1.5 million was recognized as grant income and $3.9 million was recognized as contra expense in "Service expense". The remaining balance is recorded on the unaudited condensed consolidated balance sheets in the "Accrued expenses and other current liabilities" line item until the conditions for recognition have been met. See further information in Note 7, *Accrued Expenses and Other Current Liabilities*.

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 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 for the applicable reporting periods. The Company received an audit inquiry letter from HHS related to one of the business units that received PRF payments, to which payments. In response, 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 HHS. The Company continues to include recognize these amounts as grant income. At this time, the Company is unaware of any other pending or upcoming audits or inquiries related to amounts received under PRF.

As a condition to of receiving SLFRF distributions, 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 reductions in revenue due to the COVID-19 PHE as stipulated by the states in which the funds were received. All recipients of SLFRF payments distributions are required to comply with the reporting requirements that the state in which the funds originated has requested requests, 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 or accrued expenses and other current 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.

Recent Accounting Pronouncements

Recent accounting pronouncements that the Company has yet to adopt are as follows:

In November 2023, the FASB issued ASU 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures* ("ASU 2023-07"). This update improves reportable segment disclosure requirements, primarily through enhanced disclosure about significant segment expenses. The company did not adopt any material new accounting standards during enhancements under this update require disclosure of significant segment expenses that are regularly provided to the nine months ended September 30, 2023 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 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 single reportable segment provide all disclosures required by this update and required under ASC 280. ASU 2023-07 is effective for public business entities for fiscal years beginning after December 15, 2023, with early adoption permitted.

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 decision usefulness of income tax disclosures including updates to 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. Segments

The Company’s reportable segments are identified based on a number of factors related to how its chief operating decision maker ("CODM") CODM determines the allocation of resources and assesses the performance of the Company’s operations. The CODM uses service revenue, net, and operating income or loss 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 operating income for the reportable 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 segment has its own revenue generating activities and core business processes in order to serve the varying needs of its members, which requires different technology and strategies to execute. The Company's CODM manages the Company under four reportable segments.

- **NEMT** - The Company's 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;

- **PCS** - The Company's PCS segment provides in 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 is a provider of remote patient monitoring solutions, including personal emergency response systems monitoring, vitals monitoring and data-driven patient engagement solutions;

- **Corporate and Other** - The Company's Corporate and Other segment includes the costs associated with the Company's corporate operations as well as the results of an investment in innovation related to our data analytics capabilities that the Company made at the end of the first quarter of 2023, 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 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.

The following table sets forth certain financial information from operations attributable to the Company’s business segments for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 (in thousands):

	Three months ended September 30, 2023				
	NEMT	PCS	RPM	Corporate and Other	Total
Service revenue, net	$ 485,951	$ 179,979	$ 19,779	$ 1,216	$ 686,925
Grant income(1)	—	551	—	—	551
Service expense	428,021	143,078	6,934	1,181	579,214
General and administrative expense	25,433	20,252	5,685	18,772	70,142
Depreciation and amortization	6,814	12,850	6,174	239	26,077
Operating income (loss)	$ 25,683	$ 4,350	$ 986	$ (18,976)	$ 12,043
Equity in net income (loss) of investee, net of tax	$ 142	$ —	$ —	$ (302)	$ (160)
Equity investment	$ 1,552	$ —	$ —	$ 43,655	$ 45,207
Goodwill	$ 135,186	$ 415,444	$ 234,894	$ 30	$ 785,554
Total assets	$ 512,032	$ 774,731	$ 346,257	$ 130,066	$ 1,763,086

	Nine months ended September 30, 2023					Three months ended March 31, 2024				
	NEMT	PCS	RPM	Corporate and Other	Total	NEMT	PCS	RPM	Corporate and Other	Total
Service revenue, net Service revenue, net	$1,452,389	$ 534,435	$ 57,702	$ 3,812	$2,048,338					
Grant income(1)	—	4,649	—	—	4,649					

Service expense						
Service expense						
Service expense	Service expense	1,277,604	417,636	20,129	3,366	1,718,735
General and administrative expense	General and administrative expense	87,645	63,480	16,781	61,189	229,095
Depreciation and amortization	Depreciation and amortization	20,319	38,590	18,087	683	77,679
Impairment of goodwill		—	137,331	45,769	—	183,100
Operating income (loss)	Operating income (loss)	$ 66,821	$ (117,953)	$ (43,064)	$ (61,426)	$ (155,622)
Equity in net income of investee, net of tax		$ 984	$ —	$ —	$ 1,837	$ 2,821
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	$ 1,552	$ —	$ —	$ 43,655	$ 45,207
Goodwill	Goodwill	$ 135,186	$ 415,444	$ 234,894	$ 30	$ 785,554
Total assets	Total assets	$ 512,032	$ 774,731	$ 346,257	$ 130,066	$ 1,763,086

	Three months ended September 30, 2022				
	NEMT	PCS	RPM	Corporate and Other	Total
Service revenue, net	$ 459,796	$ 169,226	$ 18,760	$ —	$ 647,782
Grant income(1)	—	789	—	—	789
Service expense	394,981	132,746	6,836	—	534,563
General and administrative expense	31,815	22,057	5,816	16,201	75,889
Depreciation and amortization	7,079	12,919	5,467	207	25,672
Operating income (loss)	$ 25,921	$ 2,293	$ 641	$ (16,408)	$ 12,447
Equity in net income (loss) of investee, net of tax	$ 208	$ —	$ —	$ (26,656)	$ (26,448)
Equity investment	$ 208	$ —	$ —	$ 43,269	$ 43,477
Goodwill	$ 135,186	$ 552,775	$ 280,429	$ 30	$ 968,420
Total assets	$ 517,930	$ 962,425	$ 402,929	$ 106,561	$ 1,989,845

		Nine months ended September 30, 2022					Three months ended March 31, 2023				
		NEMT	PCS	RPM	Corporate and Other	Total	NEMT	PCS	RPM	Corporate and Other	Total
Service revenue, net	Service revenue, net	$1,309,449	$491,661	$ 49,362	$ —	$1,850,472					
Grant income(1)	Grant income(1)	—	4,587	—	—	4,587					
Service expense	Service expense	1,100,801	379,423	17,884	—	1,498,108					
Service expense											
Service expense											

General and administrative expense	General and administrative expense	102,736	68,536	17,520	43,316	232,108
Depreciation and amortization	Depreciation and amortization	21,576	37,976	14,201	623	74,376
Operating income (loss)	Operating income (loss)	$ 84,336	$ 10,313	$ (243)	$ (43,939)	$ 50,467
Equity in net income (loss) of investee, net of tax		$ 143	$ —	$ —	$ (28,163)	$ (28,020)
Equity in net income of investee, net of tax						
Equity in net income of investee, net of tax						
Equity in net income of investee, net of tax						
Equity investment	Equity investment	$ 208	$ —	$ —	$ 43,269	$ 43,477
Goodwill	Goodwill	$ 135,186	$552,775	$280,429	$ 30	$ 968,420
Total assets	Total assets	$ 517,930	$962,425	$402,929	$ 106,561	$1,989,845

(1) Grant income for the 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.*

4. 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.

PCS Fee-for-service Contracts

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 review 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 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 three and nine months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023 (in thousands):

		Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
		Three months ended March 31,			
		Three months ended March 31,			
		Three months ended March 31,			
		2024			
		2024			
		2024			
NEMT capitated contracts					
NEMT capitated contracts					
NEMT capitated contracts	NEMT capitated contracts	$ 412,762	$ 399,859	$ 1,239,957	$ 1,145,694
NEMT FFS contracts	NEMT FFS contracts	73,189	59,937	212,432	163,755
NEMT FFS contracts					
NEMT FFS contracts					
Total NEMT service revenue, net					
Total NEMT service revenue, net					
Total NEMT service revenue, net	Total NEMT service revenue, net	485,951	459,796	1,452,389	1,309,449
PCS FFS contracts	PCS FFS contracts	179,979	169,226	534,435	491,661
PCS FFS contracts					
PCS FFS contracts					
RPM PMPM contracts					
RPM PMPM contracts					
RPM PMPM contracts	RPM PMPM contracts	19,779	18,760	57,702	49,362
Other service revenue	Other service revenue	1,216	—	3,812	—
Other service revenue					
Other service revenue					
Total service revenue, net	Total service revenue, net	$ 686,925	$ 647,782	$ 2,048,338	$ 1,850,472
Total service revenue, net					
Total service revenue, net					

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, 11.4% 11.0% and 10.4% 11.1% were derived from one payor for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and 11.2% and 11.0% were derived from one payor for the nine months ended September 30, 2023 and 2022, 2023, respectively. Of the PCS segment's revenue, 11.4% 11.6% and 12.1% 11.3% were derived from one payor for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and 11.3% and 12.0%

were derived from one payor for the nine months ended September 30, 2023 and 2022, 2023, respectively. Of the RPM segment's revenue, 19.3% 20.3% and 18.4% 15.2% were derived from one payor for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and 17.4% and 20.4% were derived from one payor for the nine months ended September 30, 2023 and 2022, 2023, respectively.

Revenue Adjustments

During the three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company recognized a reduction an increase of $0.8 million $7.8 million and an increase of $1.7 million in service revenue, respectively, from contractual adjustments relating to performance obligations satisfied in previous periods to which the payor agreed. During the nine months ended September 30, 2023 and 2022, the Company recognized a reduction of $3.9 million and an increase of $6.5 million $0.4 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 (in thousands):

		September 30, 2023	December 31, 2022		
	March 31, 2024			March 31, 2024	December 31, 2023
Accounts receivable	Accounts receivable	$ 204,097	$ 225,288		
Allowance for doubtful accounts	Allowance for doubtful accounts	(1,396)	(2,078)		
Accounts receivable, net	Accounts receivable, net	$ 202,701	$ 223,210		

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

		September 30, 2023	December 31, 2022		
	March 31, 2024			March 31, 2024	December 31, 2023
Accrued contract payables(1)	Accrued contract payables(1)	$ 133,576	$ 194,287		
Contract receivables(2)	Contract receivables(2)	$ 129,275	$ 71,131		
Long-term contract receivables(3)	Long-term contract receivables(3)	$ —	$ 427		
Deferred revenue, current	Deferred revenue, current	$ 2,008	$ 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 unaudited condensed consolidated balance sheets (in thousands):

		December 31, 2022	Additional Amounts Recorded	Amounts Paid or Settled	March 31, 2023
		December 31, 2023			
					December 31, 2023 Additional Amounts Recorded Amounts Paid or Settled March 31, 2024
Reconciliation contract payables	Reconciliation contract payables	$ 25,853	$ 1,811	$ (18,110)	$ 9,554
Profit rebate/corridor contract payables	Profit rebate/corridor contract payables	155,161	22,316	(10,873)	166,604
Overpayments and other cash items	Overpayments and other cash items	13,273	799	(2,610)	11,462
Total contract payables	Total contract payables	$ 194,287	$ 24,926	$ (31,593)	$ 187,620
Reconciliation contract receivables	Reconciliation contract receivables	$ 48,153	$ 22,204	$ (5,922)	$ 64,435
Reconciliation contract receivables					
Reconciliation contract receivables					
Corridor contract receivables	Corridor contract receivables	23,405	14,508	—	37,913
Total contract receivables		$ 71,558	$ 36,712	$ (5,922)	$ 102,348
Total contract receivables(1)					

	March 31, 2023	Additional Amounts Recorded	Amounts Paid or Settled	June 30, 2023
Reconciliation contract payables	$ 9,554	$ 6,687	$ (2,749)	$ 13,492
Profit rebate/corridor contract payables	166,604	17,447	(98,683)	85,368
Overpayments and other cash items	11,462	2,707	(3,935)	10,234
Total contract payables	$ 187,620	$ 26,841	$ (105,367)	$ 109,094
Reconciliation contract receivables	$ 64,435	$ 16,686	$ (15,105)	$ 66,016
Corridor contract receivables	37,913	16,290	(456)	53,747
Total contract receivables	$ 102,348	$ 32,976	$ (15,561)	$ 119,763

	June 30, 2023	Additional Amounts Recorded	Amounts Paid or Settled	September 30, 2023
Reconciliation contract payables	$ 13,492	$ 4,763	$ (3,034)	$ 15,221
Profit rebate/corridor contract payables	85,368	10,614	(1,840)	94,142
Overpayments and other cash items	10,234	16,313	(2,334)	24,213
Total contract payables	$ 109,094	$ 31,690	$ (7,208)	$ 133,576
Reconciliation contract receivables	$ 66,016	$ 14,180	$ (19,460)	$ 60,736
Corridor contract receivables	53,747	14,792	—	68,539
Total contract receivables	$ 119,763	$ 28,972	$ (19,460)	$ 129,275

(1) Total contract receivables is comprised of the current and long-term contract receivables balances, which are broken out separately on the unaudited condensed consolidated balance sheets.

5. Equity Investment

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, 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 its investment in Matrix under the equity method of accounting and the Company's share of Matrix's income or losses are loss is recorded as "Equity in net income (loss) of investee, net of tax" in the accompanying unaudited condensed consolidated statements of operations. During the year ended December 31, 2022, Matrix recorded asset impairment charges of $82.2 million, of which the entire asset impairment charge was recorded during the three and nine months ended September 30, 2022. No asset impairment charges were recorded for the three or nine months ended September 30, 2023.

The Company's gross share of its Matrix's operations for the three months ended September 30, 2023 March 31, 2024 and September 30, 2022 March 31, 2023 was a loss of $0.4 million $1.0 million and a loss income of $36.1 $1.9 million, respectively, which is presented net of tax on the unaudited condensed consolidated statements of operations for a loss of $0.3 million $0.7 million and a loss of $26.7 million, respectively. The Company's gross share of its Matrix's operations for the nine months ended September 30, 2023 and September 30, 2022 was income of $2.5 million and a loss of $39.0 million, respectively, which is presented net of tax on the unaudited condensed consolidated statements of operations for income of $1.8 million and a loss of $28.2 million $1.4 million, respectively.

The carrying amount of the assets included in the Company's unaudited condensed consolidated balance sheets and the maximum loss exposure related to the Company's interest in Matrix as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 totaled $45.2 million $40.2 million and $41.3 million $41.5 million, respectively.

Summary financial information for Matrix on a standalone basis is as follows (in thousands):

		September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Current assets	Current assets	$ 112,994	$ 97,750		
Long-term assets	Long-term assets	$ 355,143	$ 373,297		
Current liabilities	Current liabilities	$ 34,955	$ 36,913		
Long-term liabilities	Long-term liabilities	$ 317,806	$ 325,613		

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Revenue	$ 84,395	$ 76,461	$ 252,973	$ 235,582
Operating income (loss)	$ 7,593	$ (79,992)	$ 32,196	$ (81,604)
Net income (loss)	$ (239)	$ (85,081)	$ 6,976	$ (93,211)

	Three months ended March 31,	
	2024	2023
Revenue	$ 85,020	$ 81,316
Operating income	$ 9,122	$ 13,407
Net income	$ 875	$ 4,570

6. Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets were comprised of the following (in thousands):

	September 30, 2023	December 31, 2022

March 31, 2024	March 31, 2024	December 31, 2023

Prepaid insurance	Prepaid insurance	$ 8,251	$ 6,334
Deferred ERP implementation costs	Deferred ERP implementation costs	5,070	5,817
Deferred financing costs on credit facility			
Prepaid income taxes	Prepaid income taxes	4,075	7,186
Deferred financing costs on credit facility		2,864	3,061
Inventory		2,261	2,041
Prepaid rent		1,152	278
Other prepaid expenses	Other prepaid expenses	14,896	9,615
Total prepaid expenses and other current assets	Total prepaid expenses and other current assets	$ 38,569	$ 34,332

7. Goodwill and 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

During the second quarter of 2023, the Company recorded a $183.1 million impairment of goodwill within its Personal Care and Remote Patient Monitoring reporting units. This impairment was driven primarily by macroeconomic factors, including a decline in the market value of the Company's common stock. After recording these impairments, 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.

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 was estimated using both the income approach and the market valuation 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, 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.

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 $137.3 million in the PCS reporting unit and $45.8 million in the RPM reporting unit, which is recorded in “Impairment of goodwill” on the Company’s unaudited condensed consolidated statement of operations. No further impairment was taken during the three months ended September 30, 2023. There was no such goodwill impairment charge in the three and nine months ended September 30, 2022.

Changes in the carrying value of goodwill by reportable segment are presented in the following table (in thousands):

	NEMT	PCS	RPM	Corporate and Other	Total
Balance at December 31, 2022	$ 135,186	$ 552,775	$ 280,663	$ 30	$ 968,654
Impairment of goodwill	—	(137,331)	(45,769)	—	(183,100)
Balance at September 30, 2023	$ 135,186	$ 415,444	$ 234,894	$ 30	$ 785,554

The accumulated impairment losses on goodwill totaled $279.1 million as of September 30, 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. 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 three and nine months ended September 30, 2023 that would require an impairment test for our intangible assets.

8. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities were comprised of the following (in thousands):

		September 30, 2023	December 31, 2022		
	March 31, 2024			March 31, 2024	December 31, 2023
Accrued compensation and related liabilities	Accrued compensation and related liabilities	$ 47,183	$ 47,947		
Insurance reserves					
Accrued interest	Accrued interest	24,855	10,643		
Insurance reserves		19,439	17,836		
Accrued operating expenses	Accrued operating expenses	13,788	18,432		
Accrued government grants(1)					
Accrued legal fees	Accrued legal fees	12,002	15,574		
Accrued government grants(1)		10,970	7,367		
Union pension obligation	Union pension obligation	2,970	3,665		
Deferred revenue	Deferred revenue	2,008	2,202		
Other	Other	13,349	12,194		
Total accrued expenses and other current liabilities	Total accrued expenses and other current liabilities	$ 146,564	$ 135,860		

(1) Accrued government grants include payments received from government entities, primarily in relation such as SLFRF or other government assistance funds, 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 September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023.

9. 8. Debt

Senior Unsecured Notes

Senior unsecured notes as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 consisted of the following (in thousands):

Senior Unsecured Note	Senior Unsecured Note	Date of Issuance	September 30, 2023	December 31, 2022	Senior Unsecured Note	Date of Issuance	March 31, 2024	December 31, 2023
	$500.0 million 5.875% due November 15, 2025 (effective interest rate 6.467%)	11/4/2020	$ 493,265	$ 491,098				
	$500.0 million 5.000% due October 1, 2029 (effective interest rate 5.392%)	8/24/2021	489,365	488,263				
$500.0 million 5.875% due November 15, 2025 (effective interest rate 6.441%)								
$500.0 million 5.000% due October 1, 2029 (effective interest rate 5.390%)								
Total	Total		$ 982,630	$ 979,361				

The Company pays interest on the Senior Unsecured Notes semi-annually in arrears. Principal payments are not required until the maturity date. Debt issuance costs of $14.5 million in relation to the issuance of the Senior Notes due 2025 were incurred and these costs were deferred and are amortized to interest cost over the term of the Notes. Debt issuance costs of $13.5 million were incurred in relation to the issuance of the Senior Notes due 2029 and these costs were deferred and are amortized to interest cost over the term of the Notes. As of September 30, 2023 March 31, 2024, $17.4 million $15.1 million of unamortized deferred issuance costs was netted against the long-term debt balance on the unaudited condensed consolidated balance sheets. The fair value of the Notes as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 was $836.3 million $850.8 million and $896.6 million $909.2 million, respectively, which was determined based on quoted prices in active markets, and therefore designated as Level 1 within the fair value hierarchy. The Company was in compliance with all covenants as of September 30, 2023 March 31, 2024.

Credit Facility

The Company is a party to the amended and restated credit agreement, dated as of February 3, 2022, (as amended, the “Credit 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 Credit Agreement provides the Company with a senior secured revolving credit facility (the “Credit Facility”) in an aggregate principal amount of $325.0 million and 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 Credit Facility matures on February 3, 2027 and the proceeds 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 an Amendment No. 1 (the "First Amendment") to the Credit Agreement which amended and restated the maximum permitted Total Net Leverage Ratio under the 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 Amendment No. 2 (the "Second Amendment") to the Credit Agreement, which amended the maximum permitted Total Net Leverage Ratio under the 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 borrowing capacity under the 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 September 30, 2023 March 31, 2024, the Company had $83.0 million $121.0 million of short-term borrowings outstanding on the Credit Facility and had $39.1 $42.5 million of outstanding letters of credit under the Credit Facility. The weighted average interest rate for borrowings outstanding as of September 30, 2023 March 31, 2024 was 9.8% 9.7% per annum. As of December 31, 2022 December 31, 2023, the Company did not have any had $113.8 million of short-term borrowings outstanding on the Credit Facility and had $38.1 million $40.4 million of outstanding letters of credit under the Credit Facility.

Under the Credit Facility, the Company has an option to request an increase in the amount of the 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, 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, provided that the lenders agree to increase their existing commitments or to participate in such incremental term loans. The Company may prepay the 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 Credit Agreement. The unutilized portion of the commitments under the 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 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 Credit Agreement, and 0.75% to 2.50% in the case of the Alternate Base Rate loans, as defined in the Credit Agreement, in each case, based on the Company's total net leverage ratio as defined in the 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 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's borrowing capacity under the Credit Facility is currently limited by, among other covenants, compliance with the total net leverage ratio covenant for each fiscal period as amended in the First Second Amendment to the Credit Agreement.

The Company's obligations under the 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 Credit Agreement. The Company's obligations under, and each guarantor's obligations under its guaranty of, the 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 Credit Facility to be immediately due and payable. All amounts outstanding under the Credit Facility will automatically become due and payable upon the commencement of any bankruptcy, insolvency or similar proceedings. The 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 Credit Agreement as of September 30, 2023 March 31, 2024.

10. 9. 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.

Stock options. The Company recognized immaterial stock-based compensation expense for non-qualified stock options ("NQs") of $0.2 million for the three months ended September 30, 2023 March 31, 2024, and recognized a reversal of previously recognized stock-based compensation expense for NQs of $0.3 million during the three months ended September 30, 2022 due to forfeitures that occurred during the period. For the nine months ended September 30, 2023 and 2022, the Company recognized stock-based compensation expense for NQs of $0.6 million and $1.0 million, respectively, 2023, in general and administrative expense. At September 30, 2023 March 31, 2024, the Company had 87,388 75,902 stock options outstanding with a weighted-average exercise price of $106.51. $103.21.

Restricted stock awards and restricted stock units. The Company recognized stock-based compensation expense for restricted stock awards ("RSAs") and restricted stock units ("RSUs"), collectively, of $1.1 million $1.7 million and $0.7 million $0.9 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $2.9 million and $3.5 million for the nine months ended September 30, 2023 and 2022, 2023, respectively, in general and administrative expense. The Company had 16,074 15,948 unvested RSAs and 285,472 431,793 unvested RSUs outstanding at September 30, 2023 March 31, 2024 with a weighted-average grant date fair value of $80.47 $48.90 and $43.86, $43.75, respectively.

Performance-based share awards. The Company grants performance-based restricted stock units ("PRSUs") to align management's compensation with the Company's financial performance and other operational objectives and to retain key employees. Awards granted under this category are based on the achievement of various targeted metrics as approved by the Compensation Committee and defined in the related PRSU Agreement. Stock-based compensation expense for PRSUs is recognized over the 3-year vesting period under the straight-line attribution method. The Company recorded stock-based compensation expense related to PRSUs of $0.4 million $0.2 million in general and administrative expense for the three months ended September 30, 2023 March 31, 2024 and recorded a reversal an immaterial amount of $0.2 million stock-based compensation expense for the three months ended September 30, 2022 due to forfeitures that occurred during the period. For the nine months ended September 30, 2023 and 2022, the

Company recognized stock-based compensation expense for PRSUs of $0.5 million and $0.6 million, respectively, in general and administrative expense. March 31, 2023. The remaining expense is expected to be recognized over the remainder of the 3-year requisite service period. The Company had 213,428 333,556 unvested PRSUs outstanding at September 30, 2023 March 31, 2024 with a weighted-average grant date fair value of $43.74 $45.49.

Employee Stock Purchase Plan

During the fourth quarter of 2022, the Company began offering an Employee Stock Purchase Plan ("ESPP") with 1,000,000 shares of Common Stock reserved for purchase pursuant to the Plan for eligible employees. The shares of Common Stock may be newly issued shares, treasury shares or shares acquired on the open market. Under the terms of the ESPP, 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 a discounted rate of 85% of the lower of the market price on the first or last trading day of the offering period. For the three and nine months ended September 30, 2023 March 31, 2024, Company

recorded an immaterial amount of stock-based compensation expense. As of September 30, 2023 March 31, 2024, 989,186 983,970 shares remain available for future issuance under the ESPP.

11. 10. Loss Per Share

The following table details the computation of basic and diluted loss per share (in thousands, except share and per share data):

		Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
Numerator:	Numerator:				
Numerator:					
Numerator:					
Net loss					
Net loss					
Net loss	Net loss	$ (4,302)	$ (28,505)	$ (199,208)	$ (24,859)
Denominator:	Denominator:				
Denominator:					
Denominator:					
Denominator for basic earnings per share -- weighted-average shares					
Denominator for basic earnings per share -- weighted-average shares					
Denominator for basic earnings per share -- weighted-average shares	Denominator for basic earnings per share -- weighted-average shares	14,182,839	14,051,794	14,169,537	14,041,224
Effect of dilutive securities:	Effect of dilutive securities:				
Effect of dilutive securities:					
Effect of dilutive securities:					
Common stock options					
Common stock options					
Common stock options	Common stock options	—	—	—	—
Restricted stock	Restricted stock	—	—	—	—
Restricted stock					
Restricted stock					
Denominator for diluted earnings per share -- adjusted weighted-average shares assumed conversion					
Denominator for diluted earnings per share -- adjusted weighted-average shares assumed conversion					

Denominator for diluted earnings per share -- adjusted weighted-average shares assumed conversion	Denominator for diluted earnings per share -- adjusted weighted-average shares assumed conversion		14,182,839		14,051,794		14,169,537		14,041,224
Loss per share:	Loss per share:								
Loss per share:									
Loss per share:									
Basic loss per share									
Basic loss per share									
Basic loss per share	Basic loss per share	$	(0.30)	$	(2.03)	$	(14.06)	$	(1.77)
Diluted loss per share	Diluted loss per share	$	(0.30)	$	(2.03)	$	(14.06)	$	(1.77)
Diluted loss per share									
Diluted loss per share									

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:

		Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
Stock options to purchase common stock	Stock options to purchase common stock	90,579	115,686	96,725	123,534
Stock options to purchase common stock					
Stock options to purchase common stock					
Restricted stock awards and restricted stock units	Restricted stock awards and restricted stock units	141,712	80,332	97,719	82,944
Restricted stock awards and restricted stock units					
Restricted stock awards and restricted stock units					

12. 11. Income Taxes

The Company's effective tax rate for the three months ended September 30, 2023 March 31, 2024 and 2022 2023 was a tax benefit of 28.6% 2.5% and 33.9%, respectively, and for the nine months ended September 30, 2023 and 2022 was a tax benefit of 2.1% and a tax provision of 21.7% 23.8%, respectively.

For the three months ended September 30, 2023 and 2022, the effective tax rates for the benefits were significantly higher than the U.S. federal statutory rate of 21.0% primarily due to state income taxes and nondeductible expenses. For the nine months ended September 30, 2023 March 31, 2024, the effective tax rate for the benefit was significantly lower than the U.S. federal statutory rate of 21.0% , primarily due to the various tax credits, a stock compensation shortfall, increased reserves for state net operating loss carryforwards, and nondeductible goodwill impairment. expenses. For the nine three months ended September 30,

2022, March 31, 2023, the effective tax rate for the provision benefit was higher than the U.S. federal statutory rate of 21.0% primarily due to state income taxes and nondeductible expenses.

13. 12. 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 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 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 or investigations are subject to inherent uncertainties and can have a material adverse impact on our 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. 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 the 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 close 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 that the Company breached Mr. Greenleaf's employment agreement and included a tort claim against the Company. Mr. Greenleaf's arbitration complaint sought contractual, extra-contractual, and statutory 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 paid the settlement amount in full in May of 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 claims under the Fair Labor Standards Act of 1938, as amended (the "FLSA"), and the Missouri Minimum Wage Act, and asserts that all transportation providers to ModivCare Solutions in the putative class should be 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 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. As of September 30, 2023, the parties have agreed on a settlement and are awaiting the arbitrator's approval. ModivCare Solutions believes that it is and has been in compliance in all material respects with the laws and regulations regarding the characterization of the transportation providers as independent contractors, and does not believe that the settlement arrangement, if approved by the arbitrator, or the ultimate outcome of this arbitration, if the settlement is not approved (which is not expected), will have a material adverse effect on the Company's business, liquidity, financial condition or results of operations.

In 2017, one of our the 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. Following All Metro's motion to oppose class certification, which was heard on June 23, 2022, 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, on this matter is allowed to proceed, and is successful, All Metro may be liable for back wages and liquidated damages going dating back to November 2011. 2021. All Metro filed its motion to oppose class certification of this matter and the matter was heard on June 23, 2022. The state court issued an order certifying the class on December 12, 2022. The parties attempted to mediate their dispute in June 2023, but were unable to reach agreement on a settlement. All Metro intends to defend itself vigorously with respect to this matter, 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.

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

The following discussion should be read in conjunction with our unaudited condensed consolidated financial statements and accompanying notes for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 included herein, as well as our audited consolidated financial statements and accompanying notes and management's discussion and analysis of financial condition and results of operations included in our Form 10-K for the year ended December 31, 2022 December 31, 2023. For purposes of "Management's Discussion and Analysis of Financial Condition and Results of Operations," references to "Q3 "Q1 2024" and "Q1 2023" and "Q3 2022" mean the three months ended September 30, 2023 March 31, 2024 and the three months ended September 30, 2022 March 31, 2023, respectively.

Cautionary Note Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, 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. These statements are predictive in nature and are frequently identified by the use of terms such as "may," "will," "should," "expect," "believe," "estimate," "intend," and similar words indicating possible future expectations, events or actions. In addition, statements that are not historical statements of fact should also be considered forward-looking statements. Such forward-looking statements are based on current expectations, assumptions, estimates and projections about our business and our industry, and are not guarantees of our future performance. These statements are subject to a number of known and unknown risks, uncertainties and other factors, many of which are beyond our ability to control or predict, that may cause actual events to be materially different from those expressed or implied herein. Among such risks, uncertainties and other factors are those summarized under the caption "Summary Risk Factors" in Part I, and described in further detail under the caption "Risk Factors" in Part I, Item 1A, of our Annual Report on Form 10-K filed with the Securities and Exchange Commission, or SEC, for the fiscal year ended December 31, 2022 December 31, 2023. Hyperlinks to such sections of our Annual Report are contained in the text included within the quotation marks.

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 and in our other filings with the SEC, which you should read in their entirety before making an investment decision with respect to our securities. We undertake no obligation to update or revise any forward-looking statements contained in this release, whether as a result of new information, future events or otherwise, except as required by applicable law.

Overview of Our 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 ("SDoH") by connecting members to essential care services. By doing so, ModivCare helps health plans manage risks, reduce costs, and improve overall health outcomes. ModivCare is a provider of non-emergency medical transportation ("NEMT"), personal care services ("PCS"), and remote patient monitoring solutions ("RPM") solutions, , which serve similar, highly vulnerable patient populations. The technology-enabled operating model in its NEMT segment includes the coordination of non-emergency medical transportation services supported by an infrastructure of core competencies in risk underwriting, contact center management, network credentialing and 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 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.

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 including required transportation to such healthcare services and 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;
- MCO, Medicaid and Medicare plans 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; and
- uncertain macroeconomic conditions, including rising interest rates, could have an effect on our debt and short-term borrowings, which may have a negative impact on our results.

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 During each year following the emergence of the pandemic, the Company has continued to experience increased trip volume, service hours, and patient visits each year following visits. While this indicates increased demand for the pandemic, structural changes in the industry as a result Company's non-emergency medical transportation, personal care and remote patient monitoring services, ongoing impacts of the pandemic as well as ongoing constraints on and implications of the current macroeconomic environment, which is characterized by high inflation rates, high interest rates, supply chain challenges, labor market, specifically related to the strain on healthcare professionals, shortages, volatility in capital markets and growing recession risk, have had and could continue to have an adverse impact effect on the Company's our business, results of operations, and financial statements. condition. For the NEMT segment, increased trip volume may have a negative impact on our and utilization of non-emergency medical transportation providers and may result in higher transportation costs as services exposes the Company adapts to this 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 reported. The increase in demand for transportation trip costs is driven, in part, by headwinds from the current macroeconomic environment which limit the NEMT segment's ability to provide services and at a reasonable cost to achieve historic profit margins. These macroeconomic trends also put pressure on the availability of transportation providers, should any capacity constraints within providers. Additionally, we may face staffing difficulties in our network contact centers as the recruitment of transportation providers arise. 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. For the PCS segment, the labor shortage, particularly related to availability of healthcare workers including caregivers, will continue to impact the volume of service hours that can be 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. Additionally, changes in membership dynamics at the NEMT segment as a result of Medicaid redetermination and reduction in payor reimbursement rates at the PCS segment in an attempt to contain costs could limit the ability for the Company to generate revenue despite the Company's shift toward emphasizing the importance of value-based care. Any of these circumstances and factors could have a material adverse effect on our reputation and business and any long-term macroeconomic impacts that have arisen as a result of the pandemic 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, in future periods, an impairment to the estimated fair value of the goodwill that has been established for 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 December 31, 2023, impairment tests may be required in addition to the annual impairment testing as of July 1, 2023 July 1, 2024, 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 Estimates and Policies

Other than our change in accounting policy related to the change in the date of our annual goodwill test from October 1 to July 1, included in Note 2, *Significant Accounting Policies and Recent Accounting Pronouncements* in our Form 10-Q for the quarter ended June 30, 2023, there There have been no significant changes to our critical accounting policies in our unaudited condensed consolidated financial statements from our Form 10-K for the year ended December 31, 2022 December 31, 2023. For further discussion of our critical accounting policies, see management’s discussion and analysis of financial condition and results of operations contained in our Form 10-K for the year ended December 31, 2022 December 31, 2023.

Components of Results of Operations

Revenues

Service revenue, net. Service revenue for our NEMT segment includes the revenue generated by providing non-emergency medical transportation 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, or on a fee-for-service ("FFS") basis, which means we are paid based on the volume of trips or services performed. We receive payments 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 full-risk or a Shared-Risk shared-risk structure. Under Full-Risk full-risk contracts, which represent approximately 20% of our NEMT revenue, 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 shared-risk contracts, which represent approximately 65% of our NEMT revenue, we have provisions for reconciliations, risk corridors, and/or profit rebates. These contracts allow for periodic reconciliations based on actual cost and or/ and/or trip volume and may result in refunds to the payor (contract payables), or additional payments due from the payor. payor (contract receivables) based on the provisions contractually agreed upon. These shared-risk contracts also allow for margin stabilization, as generally the amount received per member per month PMPM is adjusted for the costs to provide the transportation. 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.

Under fee-for-service ("FFS") FFS contracts, which represent approximately 15% of our NEMT revenue, payors pay a specified amount for each service that we 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.

Service revenue for our 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 we provide. Payment for our PCS services is billed to third-party payors which include, but are not limited to, MCOs, hospitals, Medicaid agencies and programs and other home health care providers who subcontract the services to of our 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 to our customers, primarily on a PMPM basis for each eligible member. Payment for our monitoring services is billed to 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 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 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 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 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.

Impairment of goodwill. We determined that based on our qualitative assessment for each reporting unit, qualitative factors existed which required us to test our goodwill for impairment. As a result of the impairment evaluation, we determined that the goodwill within our PCS and RPM reporting units was impaired during the second quarter of 2023.

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 intangible assets, including payor networks, trade names and developed technology.

Other Expenses (Income)

Interest expense, net. Interest expense consists principally of interest accrued during the period ended September 30, 2023 March 31, 2024 on the Company's borrowings outstanding 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 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 the NEMT segment. segment, presented net of related taxes.

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

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, PCS, RPM, and Corporate and Other. The NEMT segment provides non-emergency medical transportation services throughout the country. The PCS segment provides non-medical personal care and home health services. The RPM segment provides remote patient monitoring solutions. The operating results of the Corporate and Other segment include includes the costs associated with the Company's corporate operations and as such, includes 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 an investment in innovation that the Matrix investment. Company completed during the first quarter of 2023. The operating results of the NEMT, PCS and RPM segments include revenue and expenses generated and incurred by the segment, and the Corporate and Other segment includes expenses incurred in relation to the Corporate operations of the Company as well as certain service revenue and operating expenses associated with the investment in innovation discussed above.

See Note 3, *Segments*, in our accompanying unaudited condensed consolidated financial statements for further information on our segments.

Results of Operations

Q3 2023 Q1 2024 compared to Q3 2022 Q1 2023

Consolidated results. The following table sets forth results of operations and the percentage of consolidated total Service revenue, net represented by items in our unaudited condensed consolidated statements of operations for Q3 Q1 2024 and Q1 2023 and Q3 2022 (in thousands):

		Three months ended September 30,					Three months ended March 31,					
		2023		2022			2024			2023		
		Amount	% of Service Revenue	Amount	% of Service Revenue		Amount		% of Service Revenue	Amount		% of Service Revenue
Service revenue, net	Service revenue, net	$686,925	100.0 %	$647,782	100.0 %	Service revenue, net	$684,451	100.0	100.0 %	$ 662,306	100.0	100.0 %
Grant income	Grant income	551	0.1 %	789	0.1 %	Grant income	—	—	— %	1,464	0.2	0.2 %
Operating expenses:	Operating expenses:											
Operating expenses:												
Operating expenses:												
Service expense	Service expense	579,214	84.3 %	534,563	82.5 %	Service expense	583,566	85.3	85.3 %	550,266	83.1	83.1 %
General and administrative expense	General and administrative expense	70,142	10.2 %	75,889	11.7 %	General and administrative expense	77,177	11.3	11.3 %	79,713	12.0	12.0 %
Depreciation and amortization	Depreciation and amortization	26,077	3.8 %	25,672	4.0 %	Depreciation and amortization	27,103	4.0	4.0 %	25,693	3.9	3.9 %
Total operating expenses	Total operating expenses	675,433	98.3 %	636,124	98.2 %							
Total operating expenses												
Total operating expenses							687,846		100.5 %	655,672		99.0 %
Operating income		12,043	1.8 %	12,447	1.9 %							
Operating income (loss)												
Operating income (loss)												
Operating income (loss)							(3,395)		(0.5) %	8,098		1.2 %
Interest expense, net												
Interest expense, net												
Interest expense, net	Interest expense, net	17,844	2.6 %	15,557	2.4 %	18,686	2.7	2.7	%	15,958	2.4	2.4 %
Loss before income taxes and equity method investment	Loss before income taxes and equity method investment	(5,801)	(0.8) %	(3,110)	(0.5) %	Loss before income taxes and equity method investment	(22,081)	(3.2)	(3.2)%	(7,860)	(1.2)	(1.2)%
Income tax benefit	Income tax benefit	1,659	0.2 %	1,053	0.2 %	Income tax benefit	543	0.1	0.1 %	1,873	0.3	0.3 %
Equity in net loss of investee, net of tax		(160)	— %	(26,448)	(4.1) %							
Equity in net income (loss) of investee, net of tax						Equity in net income (loss) of investee, net of tax	(762)		(0.1) %	2,025		0.3 %
Net loss	Net loss	$ (4,302)	(0.6) %	$ (28,505)	(4.4) %	Net loss	$ (22,300)	(3.3)	(3.3)%	$ (3,962)	(0.6)	(0.6)%

Service revenue, net. Consolidated service revenue, net, for Q3 2023 Q1 2024 increased $39.1 million $22.1 million, or 6.0% 3.3%, compared to Q3 2022. This change is driven primarily Q1 2023. Service revenue, net increased by an increase in revenue of $26.2 million at $9.8 million for our NEMT segment, with the remainder of the increase at increased by $9.4 million for our PCS segment, and increased by $1.4 million for our RPM segments. segment. See our *Results of Operations - Segments*, for further discussion. discussion of the revenue drivers at each respective segment.

Grant income. The Company While we received approximately $14.0 million in grant distributions in Q1 2024, we did not recognize grant income, but recognized income a portion of approximately $0.6 million during Q3 these funds as contra expense in the service expense line item once they met the conditions for recognition. We received $1.6 million in grant distributions in Q1 2023 and $0.8 recognized $1.5 million during Q3 2022 in grant income, with the difference being recognized either as contra expense in the service expense line item (if we incurred the expense for the related costs for which the grants were intended to compensate), or as a liability in the accrued expenses and other current liabilities line item (if we have not yet incurred the expense for the related costs for which the grants were intended to compensate). These funds are related to government grant distributions received, primarily under the CARES Act PRF ARPA SLFRF and the ARPA SLFRF. These government grants other organizations, which are targeted to provide economic relief and stimulus to combat health and economic impacts of the COVID-19 pandemic. pandemic and/or provide additional funding to support wage parity mandates. These funds were received by our NEMT and PCS segment segments and are available to eligible providers who have healthcare-related expenses and lost revenues attributable to COVID-19. COVID-19 and/or meet the eligibility requirements of the related fund.

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

		Three months ended September 30,					Three months ended March 31,					
		2023		2022			2024			2023		
		Amount	% of Service Revenue	Amount	% of Service Revenue		Amount		% of Service Revenue	Amount		% of Service Revenue
Purchased services	Purchased services	$363,594	52.9 %	$340,138	52.5 %	Purchased services	$ 362,900	53.0	53.0 %	$ 344,420	52.0	52.0 %
Payroll and related costs	Payroll and related costs	197,009	28.7 %	181,965	28.1 %	Payroll and related costs	199,562	29.2	29.2 %	189,645	28.6	28.6 %
Other service expenses	Other service expenses	18,611	2.7 %	12,460	1.9 %	Other service expenses	21,104	3.1	3.1 %	16,201	2.4	2.4 %
Total service expense	Total service expense	$579,214	84.3 %	$534,563	82.5 %	Total service expense	$ 583,566	85.3	85.3 %	$ 550,266	83.1	83.1 %

Service expense for Q3 2023 Q1 2024 increased $44.7 million $33.3 million, or 8.4% 6.1%, compared to Q3 2022. Q1 2023. This change is primarily due to higher purchased services costs for our NEMT segment of $23.5 million $18.5 million which is caused by an increased number of trips serviced when compared to Q3 2022, Q1 2023, partially offset by lower cost per trip due to certain volume service commitments with

some of our larger transportation providers and cost savings due to from our call center digitization and our multi-modal strategy. Payroll and related costs increased by $15.0 million $9.9 million, primarily related to increased labor costs at our PCS segment, driven by an increase in hours worked and higher wage rates paid to our caregivers further contributed to by higher as a result of minimum wage rates paid to our call center employees at our NEMT segment. increases in New York, Connecticut, and New Jersey and voluntary wage increases in West Virginia. See our *Results of Operations - Segments*, for further discussion.

General and administrative expense. General and administrative expense for Q3 2023 Q1 2024 decreased $5.7 million $2.5 million, or 7.6% 3.2%, compared to Q3 2022. Q1 2023. General and administrative expense, expressed as a percentage of service revenue, net decreased to 10.2% 11.3% for Q3 2023 Q1 2024 compared to 11.7% 12.0% for Q3 2022. Q1 2023. See our *Results of Operations - Segments*, for further discussion.

Depreciation and amortization. Depreciation and amortization remained consistent had a small increase from Q3 2022 Q1 2023 to Q3 2023 with an increase Q1 2024 of $0.4 million $1.4 million, or 1.6%. 5.5%, primarily related to the depreciation associated with the capitalization of internal use software.

Interest expense, net. Interest expense, net, for Q3 Q1 2024 and Q1 2023 was $18.7 million and Q3 2022 was $17.8 million and $15.6 million $16.0 million, respectively. respectively, for an increase of $2.7 million, or 17.1% quarter over quarter. During Q3 2023, Q1 2024, we incurred $8.1 million and $6.6 million of interest expense related to the Senior Notes due 2025 and 2029, respectively. The remainder of the interest expense in Q3 2023 Q1 2024 is related to interest and fees on the credit facility, Credit Facility, which increased during Q3 2023 Q1 2024 due to increased borrowing on the credit facility as compared to Q3 2022. Q1 2023. Interest expense is recorded at our Corporate and Other segment.

Equity in net income (loss) of investee, net of tax. Our equity in net loss of investee, net of tax, for Q3 2023 Q1 2024 of $0.2 million $0.8 million and our equity in net loss income of investee, net of tax, of $26.4 $2.0 million for Q3 2022 Q1 2023 was a result of our proportional share of the net income or loss of Matrix and our investment in a captive insurance program. The loss in Q3 2022 was the result of an asset impairment that occurred at Matrix during Q3 2022 compared to no asset impairment during Q3 2023.

Income tax benefit (provision) benefit. . Our effective tax rates from operations for Q3 Q1 2024 and Q1 2023 and Q3 2022 were a tax benefit of 28.6% 2.5% and 33.9% 23.8%, respectively. For both periods, the effective tax rates for the benefits were significantly higher than the U.S. federal statutory rate of 21.0% primarily due to state income taxes and nondeductible expenses.

Nine three months ended September 30, 2023 compared to nine months ended September 30, 2022

Consolidated results. The following table sets forth results of operations and March 31, 2024, the percentage of consolidated total Service revenue, net represented by items in our unaudited condensed consolidated statements of operations for the nine months ended September 30, 2023, which we refer to as “YTD 2023”, and for the nine months ended September 30, 2022, which we refer to as “YTD 2022” (in thousands):

	Nine months ended September 30,					
	2023			2022		
	Amount		% of Service Revenue	Amount		% of Service Revenue
Service revenue, net	$	2,048,338	100.0 %	$	1,850,472	100.0 %
Grant income		4,649	0.2 %		4,587	0.2 %
Operating expenses:						
Service expense		1,718,735	83.9 %		1,498,108	81.0 %
General and administrative expense		229,095	11.2 %		232,108	12.5 %
Depreciation and amortization		77,679	3.8 %		74,376	4.0 %
Impairment of goodwill		183,100	8.9 %		—	— %
Total operating expenses		2,208,609	107.8 %		1,804,592	97.5 %
Operating income (loss)		(155,622)	(7.6)%		50,467	2.7 %
Interest expense, net		50,769	2.5 %		46,429	2.5 %
Income (loss) before income taxes and equity method investment		(206,391)	(10.1)%		4,038	0.2 %
Income tax (provision) benefit		4,362	0.2 %		(877)	— %
Equity in net income (loss) of investee, net of tax		2,821	0.1 %		(28,020)	(1.5)%
Net loss	$	(199,208)	(9.7)%	$	(24,859)	(1.3)%

Service revenue, net. Consolidated service revenue, net, for YTD 2023 increased $197.9 million, or 10.7%, compared to YTD 2022. This change is driven primarily by an increase in revenue of $142.9 million at our NEMT segment, with the remainder of the increase at our PCS and RPM segments. See our R*esults of Operations - Segments*, for further discussion.

Grant income. The Company recognized income of approximately $4.6 million during both YTD 2023 and YTD 2022 related to government grant distributions received, primarily under the CARES Act PRF and the ARPA SLFRF. These government grants are targeted to provide economic relief and stimulus to combat health and economic impacts of the COVID-19 pandemic. These funds were received by our PCS segment and are available to eligible providers who have healthcare-related expenses and lost revenues attributable to COVID-19.

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

	Nine months ended September 30,					
	2023			2022		
	Amount		% of Revenue	Amount		% of Revenue
Purchased services	$	1,085,206	53.0 %	$	935,298	50.5 %
Payroll and related costs		579,571	28.3 %		520,556	28.1 %
Other service expenses		53,958	2.6 %		42,254	2.3 %
Total service expense	$	1,718,735	83.9 %	$	1,498,108	81.0 %

Service expense for YTD 2023 increased $220.6 million, or 14.7%, compared to YTD 2022 primarily due to higher purchased services for our NEMT segment of $149.9 million related to an increase in transportation costs. Payroll and related costs across all segments increased by $59.0 million, primarily related to increased labor costs paid to our caregivers and call center employees.

General and administrative expense. General and administrative expense for YTD 2023 remained relatively consistent at a decrease of $3.0 million, or 1.3%, compared to YTD 2022. General and administrative expense, expressed as a percentage of service revenue, net decreased slightly to 11.2% for YTD 2023 compared to 12.5% for YTD 2022. See our *Results of Operations - Segments*, for further discussion.

Depreciation and amortization. Depreciation and amortization remained consistent from YTD 2022 to YTD 2023 with an increase of $3.3 million, or 4.4%.

Impairment of goodwill. Impairment of goodwill for YTD 2023 was $183.1 million and was driven by goodwill impairments that were recorded at our PCS and RPM reporting units during the second quarter of 2023. See Note 7, *Goodwill and Intangible Assets*.

Interest expense, net. Interest expense, net for YTD 2023 was $50.8 million and for YTD 2022 was $46.4 million. During YTD 2023, we incurred $24.2 million and $19.9 million of interest expense related to the Senior Notes due 2025 and 2029, respectively. The remainder of the interest expense during YTD 2023 is related to interest and fees on the credit facility, which increased during YTD 2023 due to increased borrowing on the credit facility as compared to YTD 2022. Interest expense is recorded at our Corporate and Other segment.

Equity in net income (loss) of investee, net of tax. Our equity in net income of investee, net of tax for YTD 2023 of $2.8 million and our equity in net loss of investee, net of tax for YTD 2022 of $28.0 million was a result of our proportional share of the net income or loss of Matrix and our investment in a captive insurance program. The loss in YTD 2022 was the result of an asset impairment that occurred at Matrix during Q3 2022 compared to no asset impairment during YTD 2023.

Income tax (provision) benefit. Our effective tax rates from operations for YTD 2023 and YTD 2022 were a tax benefit of 2.1% and a tax provision of 21.7%, respectively. The YTD 2023 effective tax rate for the benefit was significantly lower than the U.S. federal statutory rate of 21.0%, primarily due to various tax credits, a stock compensation shortfall, increased reserves for state net operating loss carryforwards, and nondeductible expenses. For the nondeductible goodwill impairment. The YTD 2022 three months ended March 31, 2023, the effective tax rate for the provision benefit was higher than the U.S. federal statutory rate of 21.0% primarily due to state income taxes and nondeductible expenses.

Results of Operations - Segments

The following tables set forth certain financial information attributable to the Company's business segments for the three and nine months ended September 30, 2023 March 31, 2024 and 2022: 2023:

NEMT Segment

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

		Three months ended September 30,				Nine months ended September 30,			
		2023		2022		2023		2022	
		Amount	% of Segment Revenue	Amount	% of Segment Revenue	Amount	% of Segment Revenue	Amount	% of Segment Revenue
		Three months ended March 31,							
		Three months ended March 31,							
		Three months ended March 31,							
		2024							
		2024							
		2024							
		Amount							
		Amount							
		Amount							
Operating Results	**Operating Results**								
Operating Results									
Operating Results									
Service revenue, net									
Service revenue, net									
Service revenue, net	Service revenue, net	$ 485,951	100.0%	$ 459,796	100.0%	$ 1,452,389	100.0%	$ 1,309,449	100.0%
Service expense	Service expense	428,021	88.1%	394,981	85.9%	1,277,604	88.0%	1,100,801	84.1%
Service expense									
Service expense									
General and administrative expense									
General and administrative expense									

General and administrative expense	General and administrative expense		25,433	5.2%		31,815	6.9%		87,645	6.0%		102,736	7.8%
Depreciation and amortization	Depreciation and amortization		6,814	1.4%		7,079	1.5%		20,319	1.4%		21,576	1.6%
Depreciation and amortization													
Depreciation and amortization													
Operating income													
Operating income													
Operating income	Operating income	$	25,683	5.3%	$	25,921	5.6%	$	66,821	4.6%	$	84,336	6.4%
Business Metrics(1)	**Business Metrics**(1)												
Business Metrics(1)													
Business Metrics(1)													
Total paid trips	Total paid trips		8,824			8,045			25,761			22,987	
Total paid trips													
Total paid trips													
Average monthly members													
Average monthly members													
Average monthly members	Average monthly members		33,660			36,026			33,892			33,998	
Revenue per member per month	Revenue per member per month	$	4.81		$	4.25		$	4.76		$	4.28	
Revenue per member per month													
Revenue per member per month													
Revenue per trip													
Revenue per trip													
Revenue per trip	Revenue per trip	$	55.07		$	57.15		$	56.38		$	56.96	
Service expense per trip	Service expense per trip	$	48.51		$	49.10		$	49.59		$	47.89	
Monthly utilization			8.7	%		7.4	%		8.4	%		7.5	%
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.

Our NEMT segment is the largest manager of non-emergency medical transportation programs for state governments and MCOs in the U.S.

Service revenue, net. Service revenue, net, increased by $26.2 million $9.8 million, or 5.7% 2.1%, during Q3 2023 Q1 2024 as compared to Q3 2022. Q1 2023. This increase is primarily attributable to a 13.2% 18.5% increase in revenue per member per month, which was driven by a 9.7% 7.4% increase in trip volume. These two factors are correlated due to contract repricing and the partial pass-through of costs associated with our shared reconciliation, risk contracts. corridor, and/or profit rebate contracts (which are considered shared-risk contracts due to the reconciliation provisions). This increase to revenue was partially offset by a 6.6% 13.7% decrease in average monthly members, primarily due to as a result of Medicaid redetermination. Service revenue, net, increased by $142.9 million, or 10.9%, during YTD 2023 as compared to YTD 2022, primarily attributable to a 11.2% increase in revenue per member per month driven by a 12.1% increase in trip volume, partially offset by a 0.3% decrease in average monthly membership. redetermination and certain contract losses.

The change in revenue is impacted by both the change in average monthly members, as well we the rate received per member. The change in average monthly members is correlated to the change in revenue because a majority of our contracts are capitated, and we receive monthly payments on a per member per month basis in return for full or shared risk of transportation volumes. Declines in membership 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 have been restructured to a shared risk format, revenue increased despite the decline in membership. Trip volume increases also positively affected revenue for fee-for-service contracts due to a larger number of services performed.

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

		Three months ended September 30,				Nine months ended September 30,			
		2023		2022		2023		2022	
		Amount	% of Segment Revenue	Amount	% of Segment Revenue	Amount	% of Segment Revenue	Amount	% of Segment Revenue
Purchased services	Purchased services	$ 363,594	74.8 %	$ 340,138	74.0 %	$ 1,085,206	74.7 %	$ 935,298	71.4 %
Purchased services									
Purchased services									
Payroll and related costs									
Payroll and related costs									
Payroll and related costs	Payroll and related costs	51,655	10.6 %	46,160	10.0 %	155,388	10.7 %	136,916	10.5 %
Other service expenses	Other service expenses	12,772	2.6 %	8,683	1.9 %	37,010	2.5 %	28,587	2.2 %
Other service expenses									
Other service expenses									
Total service expense	Total service expense	$ 428,021	88.1 %	$ 394,981	85.9 %	$ 1,277,604	88.0 %	$ 1,100,801	84.1 %
Total service expense									
Total service expense									

Service expense for our NEMT segment primarily consists of transportation costs paid to third party service providers, salaries of employees within our contact centers and operations centers, and occupancy costs. Service expense increased by $33.0 million $16.0 million, or 8.4% 3.9%, for Q3 2023, Q1 2024 as compared to Q3 2022, Q1 2023, primarily related to higher purchased services of $23.5 million $18.5 million, or 6.8%. Service expense increased 5.4%, offset by $176.8 million a decrease in payroll and 16.1% for YTD 2023, related costs of $3.9 million, or 7.5%, as compared to YTD 2022, primarily due to an increase in purchased services of $149.9 million or 16.0%. Q1 2023. The increase in purchased services for both Q3 2023 and YTD 2023 in Q1 2024 is related to an increase in transportation costs driven by higher a 7.4% increase in trip volume. Trip volume for QTD 2023 and YTD 2023 increased by 9.7% and 12.1%, respectively, when compared to the same periods in the prior year. For YTD 2023, cost per trip increased by 3.5% due to increased wages for our transportation providers as compared to YTD 2022, however for QTD 2023, Q1 2023. The decrease in payroll and related costs demonstrate ongoing improvements from cost per trip decreased by 1.2% primarily due to cost savings from our multi-modal strategy, as compared to QTD 2022. optimization efforts.

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 decreased by $6.4 million $2.1 million, or 20.1% 6.1%, for Q3 2023, Q1 2024, as compared to Q3 2022, and by $15.1 million, or 14.7%, for YTD Q1 2023, as compared to YTD 2022, primarily as a result of various cost savings initiatives which resulted in lower personnel and lower professional services costs as well as lower legal costs related to a case that was settled in 2022. during the period.

Depreciation and amortization expense. Depreciation and amortization expense decreased by $0.3 million remained relatively consistent with an increase of $0.6 million, or 3.7% 8.8%, for Q3 2023, Q1 2024, as compared to Q3 2022, and decreased by $1.3 million, or 5.8%, for YTD 2023, as compared to YTD 2022, primarily as a result of certain intangible assets being fully amortized during the period. Q1 2023.

PCS Segment

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

	Three months ended September 30,	Nine months ended September 30,

		2023		2022		2023		2022	
		Amount	% of Segment Revenue	Amount	% of Segment Revenue	Amount	% of Segment Revenue	Amount	% of Segment Revenue
		Three months ended March 31,							
		Three months ended March 31,							
		Three months ended March 31,							
		2024							
		2024							
		2024							
		Amount							
		Amount							
		Amount							
Operating Results									
Operating Results									
Operating Results	**Operating Results**								
Service revenue, net	Service revenue, net	$ 179,979	100.0%	$ 169,226	100.0%	$ 534,435	100.0%	$ 491,661	100.0%
Service revenue, net									
Service revenue, net									
Grant income									
Grant income									
Grant income	Grant income	551	0.3%	789	0.5%	4,649	0.9%	4,587	0.9%
Service expense	Service expense	143,078	79.5%	132,746	78.4%	417,636	78.1%	379,423	77.2%
Service expense									
Service expense									
General and administrative expense									
General and administrative expense									
General and administrative expense	General and administrative expense	20,252	11.3%	22,057	13.0%	63,480	11.9%	68,536	13.9%
Depreciation and amortization	Depreciation and amortization	12,850	7.1%	12,919	7.6%	38,590	7.2%	37,976	7.7%
Impairment of goodwill		—	—%	—	—%	137,331	25.7%	—	—%
Depreciation and amortization									
Depreciation and amortization									
Operating income (loss)									
Operating income (loss)									
Operating income (loss)	Operating income (loss)	$ 4,350	2.4%	$ 2,293	1.4%	$ (117,953)	(22.1)%	$ 10,313	2.1%
Business Metrics(1)	**Business Metrics(1)**								
Business Metrics(1)									
Business Metrics(1)									
Total hours									
Total hours									
Total hours	Total hours	6,995		6,836		20,752		20,076	

Service revenue per hour	Service revenue per hour	$	25.73	$	24.76	$	25.75	$	24.49
Service revenue per hour									
Service revenue per hour									
Service expense per hour	Service expense per hour	$	20.45	$	19.42	$	20.13	$	18.90
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 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.

Service revenue, net. PCS contracts are generally structured as fee-for-service contracts, with revenue driven by the number of hours worked by our personal care providers. Service revenue, net, increased by $10.8 million $9.4 million, or 6.4% 5.4%, for Q3 2023, Q1 2024, as compared to Q3 2022, Q1 2023, primarily due to 2.3% 2.1% higher hours worked by personal care providers in Q3 2023 Q1 2024 as compared to Q3 2022, Q1 2023, as well as 3.9% 3.3% higher rates per member hour during the same period.Service revenue, net increased by $42.8 million, or 8.7%, for YTD 2023 as compared to YTD 2022, primarily due to 3.4% higher hours worked by personal care providers during YTD 2023 as compared to YTD 2022, as well as 5.1% higher rates per member.

Grant income. During Q3 Q1 2024, the Company did not recognize grant income and during Q1 2023, and Q3 2022, the Company recognized income for $1.5 million related to government grant distributions received, of $0.6 million and $0.8 million, respectively, primarily from the CARES Act PRF and the ARPA SLFRF. These government grants are targeted to provide economic relief and stimulus to combat health and economic impacts See discussion in the consolidated Results of the COVID-19 pandemic. These funds were received by our PCS segment and are available to eligible providers who have healthcare-related expenses and lost revenues attributable to COVID-19. During both YTD 2023 and YTD 2022, the Company recognized income Operations section for government grant distributions received of $4.6 million, respectively. more information.

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

		Three months ended September 30,				Nine months ended September 30,			
		2023		2022		2023		2022	
		Amount	% of Segment Revenue	Amount	% of Segment Revenue	Amount	% of Segment Revenue	Amount	% of Segment Revenue
Payroll and related costs	Payroll and related costs	$ 141,921	78.9 %	$ 132,482	78.3 %	$ 413,995	77.5 %	$ 374,994	76.3 %
Payroll and related costs									
Payroll and related costs									
Other service expenses									
Other service expenses									
Other service expenses	Other service expenses	1,157	0.6 %	264	0.1 %	3,641	0.7 %	4,429	0.9 %
Total service expense	Total service expense	$ 143,078	79.5 %	$ 132,746	78.4 %	$ 417,636	78.1 %	$ 379,423	77.2 %
Total service expense									
Total service expense									

Service expense for our PCS segment primarily consists of salaries for our employees who provide personal care services and it typically trends with the number of hours worked and cost per hour of service. Service expense for Q3 2023 Q1 2024 increased by $10.3 million $13.3 million, or 7.8% 9.8%, as compared to Q3 2022, Q1 2023, primarily as a result of a 5.3% 7.6% increase in service expense per hour, driven primarily by increased wage rates for our caregivers, predominately from wage pressures increases in New York, Jersey, as well as a 2.3% 2.1% increase in hours of service during Q3 2023. Service expense for YTD 2023 increased by $38.2 million or 10.1%, as compared to YTD 2022, primarily as a result of a 6.5% increase in service expense per hour and a 3.4% increase in hours of service during YTD 2023. Q1 2024.

General and administrative expense. General and administrative expense primarily consists of salaries for administrative employees that support the operations of the PCS segment, occupancy costs, marketing expenditures, insurance, and professional fees. General and administrative expense decreased increased by $1.8 million, or 8.2% 7.8%, for Q3 2023 Q1 2024 as compared to Q3 2022 and decreased by $5.1 million or 7.4%, for YTD 2023 as compared to YTD 2022. Q1 2023. The decrease increase is primarily related to lower insurance-related expense and lower increased legal fees during YTD 2023 along with lower integration from various audits and proceedings within the normal course of business as well as increased software expense related expenses during YTD 2023. to the implementation of a home care platform in certain markets in Q1 2024.

Depreciation and amortization expense. Depreciation and amortization expense remained consistent for both Q3 2022 to Q3 2023 and YTD 2022 to YTD 2023 with a decrease of $0.1 million, or 0.5% 0.6%, for Q3 2023 Q1 2024 as compared to Q3 2022 and an increase of $0.6 million, or 1.6%, for YTD 2023 as compared to YTD 2022.

Impairment of goodwill. As a result of our annual goodwill assessment, we determined that the goodwill within our PCS reporting unit was impaired which resulted in an impairment of goodwill charge of $137.3 million during the second quarter of Q1 2023.

RPM Segment

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

		Three months ended September 30,				Nine months ended September 30,			
		2023		2022		2023		2022	
		Amount	% of Segment Revenue	Amount	% of Segment Revenue	Amount	% of Segment Revenue	Amount	% of Segment Revenue
		Three months ended March 31,							
		Three months ended March 31,							
		Three months ended March 31,							
		2024							
		2024							
		2024							
		Amount							
		Amount							
		Amount							
Operating Results	**Operating Results**								
Operating Results									
Operating Results									
Service revenue, net									
Service revenue, net									
Service revenue, net	Service revenue, net	$ 19,779	100.0 %	$ 18,760	100.0 %	$ 57,702	100.0 %	$ 49,362	100.0 %
Service expense	Service expense	6,934	35.1 %	6,836	36.4 %	20,129	34.9 %	17,884	36.2 %
Service expense									
Service expense									
General and administrative expense									
General and administrative expense									
General and administrative expense	General and administrative expense	5,685	28.7 %	5,816	31.0 %	16,781	29.1 %	17,520	35.5 %
Depreciation and amortization	Depreciation and amortization	6,174	31.2 %	5,467	29.1 %	18,087	31.3 %	14,201	28.8 %
Impairment of goodwill		—	— %	—	— %	45,769	79.3 %	—	— %
Depreciation and amortization									
Depreciation and amortization									
Operating income (loss)									

Operating income (loss)									
Operating income (loss)	Operating income (loss)	$ 986	5.0 %	$ 641	3.4 %	$ (43,064)	(74.6) %	$ (243)	(0.5) %
Business Metrics(1)	**Business Metrics(1)**								
Business Metrics(1)									
Business Metrics(1)									
Average monthly members									
Average monthly members									
Average monthly members	Average monthly members	247		230		241		201	
Revenue per member per month	Revenue per member per month	$ 26.69		$ 27.19		$ 26.60		$ 27.29	
Revenue per member per month									
Revenue per member per month									
Service expense per member per month	Service expense per member per month	$ 9.36		$ 9.91		$ 9.28		$ 9.89	
Service expense per member per month									
Service expense per member per month									

(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 RPM segment is a provider of remote patient monitoring solutions and manages a comprehensive suite of services, including personal emergency response systems monitoring, vitals monitoring and data-driven patient engagement solutions.

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, increased by $1.0 million $1.4 million, or 5.4% 7.4%, for Q3 2023 Q1 2024 as compared to Q3 2022, Q1 2023, primarily related to a 7.4% 6.0% increase in average monthly members from Q3 2022 Q1 2023 to Q3 2023. Service revenue, net, increased by $8.3 million, or 16.9%, for YTD 2023 as compared to YTD 2022, primarily related to incremental revenue of $7.2 million from an acquisition that occurred in May 2022. Q1 2024.

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

		Three months ended September 30,				Nine months ended September 30,			
		2023		2022		2023		2022	
		Amount	% of Segment Revenue	Amount	% of Segment Revenue	Amount	% of Segment Revenue	Amount	% of Segment Revenue
Payroll and related costs	Payroll and related costs	$ 3,414	17.3 %	$ 3,323	17.7 %	$ 9,941	17.2 %	$ 8,646	17.5 %
Payroll and related costs									
Payroll and related costs									
Other service expenses									
Other service expenses									
Other service expenses	Other service expenses	3,520	17.8 %	3,513	18.7 %	10,188	17.7 %	9,238	18.7 %
Total service expense	Total service expense	$ 6,934	35.1 %	$ 6,836	36.4 %	$ 20,129	34.9 %	$ 17,884	36.2 %

Total service expense

Total service expense

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 Q3 2023, remained consistent for Q3 2023 Q1 2024 increased as compared to Q3 2022 with an increase of $0.1 million Q1 2023 by $1.9 million, or 1.4%, as compared to Q3 2022. Service expense for 28.9%.

YTD 2023 increased $2.2 million, or 12.6%, as compared to YTD 2022, primarily as a result of an increase in direct wages driven by the additional hours worked to service the 19.9% increase in average monthly members as well as an increase in device connectivity costs related to the additional devices deployed to service the increase in average monthly members.

General and administrative expense. General and administrative expense primarily consists of salaries for administrative employees that indirectly support the operations, occupancy costs, marketing expenditures, insurance, and professional fees. General and administrative expense remained consistent in Q3 2023 for Q1 2024 decreased as compared to Q3 2022 with a decrease of $0.1 million Q1 2023 by $0.3 million, or 2.3%, for Q3 2023 as compared to Q3 2022. General and administrative expense decreased by $0.7 million, or 4.2%, for YTD 2023 as compared to YTD 2022, primarily related to a decrease in legal costs associated with an acquisition that occurred in May 2022. 5.7%.

Depreciation and amortization expense. Depreciation and amortization expense increased by $0.7 million $0.8 million, or 12.9% 14.0%, for Q3 2023 Q1 2024 as compared to Q3 2022, Q1 2023, primarily related to additional depreciation expense related on an increased number of RPM devices used to service the additional devices in service related to a 7.4% 6.0% increase in average monthly members from Q3 2022. Depreciation and amortization expense increased by $3.9 million, or 27.4%, for YTD 2023 as compared to YTD 2022, primarily related to additional depreciation and amortization expense of $2.1 million related to the assets acquired from an acquisition that occurred in May 2022 as well as additional depreciation expense related to the additional devices in service related to a 19.9% increase in average monthly members from YTD 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 Q1 2023.

Corporate and Other Segment

(in thousands)

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
	Amount	Amount	Amount	Amount
	Three months ended March 31,			
	Three months ended March 31,			
	Three months ended March 31,			
	2024			
	2024			
	2024			
Service revenue, net				
Service revenue, net				
Service revenue, net Service revenue, net	$ 1,216	$ —	$ 3,812	$ —
Service expense Service expense	1,181	—	3,366	—
Service expense				
Service expense				
General and administrative expense				
General and administrative expense				
General and administrative expense General and administrative expense	18,772	16,201	61,189	43,316
Depreciation and amortization Depreciation and amortization	239	207	683	623
Operating income (loss)	$ (18,976)	$ (16,408)	$ (61,426)	$ (43,939)
Depreciation and amortization				
Depreciation and amortization				
Operating loss				
Operating loss				

Operating loss

Our 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 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 and service expense.

General and administrative expense and Depreciation and amortization: Our Corporate and Other segment includes costs incurred related to strategy and stewardship of the other operating segments. These expenses are primarily general and administrative expenses, with a minimal amount related to depreciation. The general and administrative expense increased decreased by $2.6 million and $17.9 million $1.9 million, or 11.0%, for Q3 2023 Q1 2024 as compared to Q3 2022. Q1 2023. This increase decrease is primarily related to software implementation lower professional service costs, for ongoing system integration projects, including which were higher in the PCS and RPM general ledger and personnel management system integrations. This balance has also increased prior year due to consulting costs and litigation costs related to executive turnover. departure.

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 PCS 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, contract start-up costs on new revenue contracts and costs associated with our strategic initiatives. We expect to meet our cash requirements through available cash on hand, cash generated from operations, net of capital expenditures, and occasional borrowings under our Credit Facility. For information regarding our long-term capital requirements, see below under the caption "Liquidity".

Cash used in operating activities during the nine three months ended September 30, 2023 March 31, 2024 was $57.3 million $9.6 million. Our balance of cash and cash equivalents, including restricted cash, was $8.6 million $10.9 million and $15.0 million $2.8 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. We had restricted cash of $0.5 million and $0.5 million $0.6 million at September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, respectively. Restricted cash amounts are not included in our balance of cash and cash equivalents in the unaudited condensed consolidated balance sheets, although they are included in the cash, cash equivalents and restricted cash balance on the accompanying unaudited condensed consolidated statements of cash flows.

We may, from time to time, 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.

YTD 2023 2024 cash flows compared to YTD 2022 2023

Operating activities. Cash provided by operating activities was $9.6 million for YTD 2024 compared to cash used in operating activities was $57.3 million of $2.7 million for YTD 2023 compared to 2023. The increase in cash provided by operating activities of $45.5 million for YTD 2022. The decrease of $102.9 million $12.2 million was primarily a result of a decrease an increase in

cash provided by changes in working capital operating assets and liabilities of $94.2 million $25.0 million. The working capital changes in operating assets and liabilities were related to partly driven by an increase in cash paid for from a build in the accrued contract payables balance of $22.9 million primarily related to repayments on previously accrued contract payable amounts combined with lower liability reserves on certain risk corridor, profit rebate and reconciliation contracts due to higher trip volumes $17.6 million during YTD 2023. Also contributing to the decrease in working capital is a decrease 2024 coupled with an increase in the cash received from contract receivables during YTD 2024 of $22.6 million $20.5 million primarily related to a build of cash collected on receivables related to certain risk corridor profit rebate, and reconciliation contracts, as well as an increase contracts. The increases from the changes in the operating assets and liabilities are partially offset by a decrease in cash paid for related to a build in accounts payable receivable and accrued expenses other receivables of $58.3 million $22.0 million, primarily related to the timing of vendor payments. These working capital changes are partially offset by an increase in cash related to an increase in accrued transportation costs of $19.3 million, primarily related to timing of payments to our transportation providers, receipts, as compared to YTD 2022. 2023.

Investing activities. Net cash used in investing activities was $31.1 million $7.9 million in YTD 2023, 2024, which decreased by $73.2 million $5.5 million as compared to YTD 2022, primarily as a result of acquisition activity during YTD 2022 2023. This decrease is related to an acquisition made under our RPM segment. less cash spent on purchases of property and equipment.

Financing activities. Net cash provided by financing activities was $82.1 million $6.4 million for YTD 2023, 2024, compared to cash used in financing activities of $1.8 million $14.4 million for YTD 2022. 2023. The change decrease of $83.9 million $8.0 million was primarily a result of the decrease of $7.8 million in net proceeds from our short-term borrowing on our Credit Facility of $83.0 million during YTD 2023, 2024 as compared to no proceeds from debt or other short-term borrowings during YTD 2022. 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"). For information related to the Company's Senior Unsecured Notes, refer to Note 9 8 of the Notes to the unaudited condensed consolidated financial statements included in Part I, Item 1, "Financial Statements".

Credit Facility. The Company is a party to the amended and restated credit agreement, dated as of February 3, 2022, (as amended, the "Credit 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 Credit Agreement provides the Company with a senior secured revolving credit facility (the "Credit Facility") in an aggregate principal amount of $325.0 million. The 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 Credit Agreement contains financial and 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 certain non-recurring charges, fees, and expenses, as set for the in the Credit Agreement. On June 26, 2023, the Company entered into an the First Amendment No. 1 (the "First Amendment") to the Credit Agreement which amended and restated the maximum permitted Total Net Leverage Ratio under the Credit Agreement. On February 22, 2024, the Company entered into the Second Amendment to the Credit Agreement which further amended the maximum permitted Total Net Leverage Ratio under the Credit Agreement as well as added 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 any date of determination, the sum of the Company's available borrowing capacity under the 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 March 31, 2024, we were in compliance with all covenants contained in the Credit Agreement and our Total Net Leverage Ratio was 4.90:1.00. Based on our projections of financial performance, we expect to remain in compliance with the Total Net Leverage Ratio covenant and the minimum liquidity covenant as set forth in the Second Amendment to the Credit Agreement for the twelve-month period subsequent to the date of the filing of this Quarterly Report. However, our assessment of our ability to meet our future obligations is inherently subjective, judgment-based, and susceptible to change based on future events. For information related to the Company's Credit Facility, refer to Note 9 8 of the Notes to the unaudited condensed consolidated financial statements included in Part I, Item 1, "Financial Statements".

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 cash of $8.1 million $10.3 million and accounts receivable, contract receivables, and other receivables of $340.8 million $362.9 million as of March 31, 2024. Liquid Current liabilities, which totaled $691.7 $719.8 million at period end as detailed in the table below, included $68.5 million $77.3 million in guarantees and letters of credit that are not expected to be paid settled in cash in the next 12 months. cash. Other sources of liquidity include amounts currently available under our Credit Facility and expected future cash generated from operations. As of March 31, 2024, we had amounts currently available under our Credit Facility of up to approximately $164.0 $136.0 million as of September 30, 2023 based on our total net debt leverage ratio covenant Total Net Leverage Ratio of 5.25: 5.50:1.00 and expected future as in effect for the quarter ended March 31, 2024.

We believe that, based on our current forecasts, the cash generated from operations. by our operations, amounts available under our 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 Interim 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, the Notes due 2025, which mature in November 2025 and are classified as long-term debt on our balance sheet as of March 31, 2024, 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" of our Annual report on Form 10-K filed with the SEC on February 26, 2024 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 Credit Facility. For additional information regarding our operating, investing and financing cash flows, see “Condensed Consolidated Financial Statements—Condensed Consolidated Statements of Cash Flows,” included in Part I, Item I of this report.

The Company has cash requirements of $691.7 million $719.8 million due in one year or less in addition to $1,245.2 $1,202.4 million due in more than one year as of September 30, 2023 March 31, 2024. The following is a summary of our future cash requirements for the next twelve months and the period extending beyond twelve months as of September 30, 2023 March 31, 2024 (in thousands):

		At September 30, 2023			At March 31, 2024		
			Less than	Greater than		Less than	Greater than
		Total	1 Year	1 Year			
	Total				Total		1 Year
Senior Unsecured Notes(1)	Senior Unsecured Notes(1)	$ 1,000,000	$ —	$1,000,000			
Interest(1)	Interest(1)	213,996	56,847	157,149			
Contracts payable(2)	Contracts payable(2)	133,576	133,576	—			
Transportation costs(3)	Transportation costs(3)	102,974	102,974	—			
Deferred tax liabilities(4)	Deferred tax liabilities(4)	42,001	—	42,001			
Operating leases(5)	Operating leases(5)	42,299	8,902	33,397			
Guarantees(6)	Guarantees(6)	29,666	29,391	275			
Letters of credit(6)	Letters of credit(6)	39,074	39,074	—			
Purchased service commitment(7)	Purchased service commitment(7)	61,875	49,500	12,375			
Short-term borrowings(8)	Short-term borrowings(8)	83,000	83,000	—			
Other current cash obligations(9)	Other current cash obligations(9)	188,398	188,398	—			
Total	Total	$ 1,936,859	$691,662	$1,245,197			

(1) See Note 9 11 of the Notes to the unaudited condensed consolidated financial statements included in Part I, Item 1, “Financial Statements” 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 September 30, 2023 March 31, 2024. Interest payments on our short-term borrowings have been calculated by taking the expected borrowing on the Credit Facility for the next year at the weighted average interest rate of 9.8% borrowings outstanding as of March 31, 2024 of 9.7%.

(2) See Note 4 5 of the Notes to the unaudited condensed consolidated financial statements included in Part I, Item 1, “Financial Statements” for further detail of our contracts payable.

(3) See Note 1 of the Notes to the consolidated financial statements included in Part II, Item 8, “Financial Statements and Supplementary Data” of our Form 10-K for the year ended December 31, 2022 December 31, 2023 filed on March 7, 2023 February 26, 2024 for further detail of our accrued transportation cost.

(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.

(5) 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” of our Form 10-K for the year ended December 31, 2022 December 31, 2023 filed on March 7, 2023 February 26, 2024 for further detail of our operating leases.

(6) 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 Credit Facility and reduced our availability under the related Credit Agreement. The surety bonds and LOC amounts in the above table represent the amount of commitment expiration per period.

(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” of our Form 10-K for the year ended December 31, 2022 December 31, 2023 filed on March 7, 2023 February 26, 2024 for further detail of our purchased service commitment.

(8) Short-term borrowings shown in the table were provided by our Credit Facility and reduced our availability under the related Credit Agreement. See Note 9 8 of the Notes to the unaudited condensed consolidated financial statements included in Part I, Item 1, “Financial Statements” for further detail of our Credit Facility.

(9) These include other current liabilities reflected in our unaudited condensed consolidated balance sheets as of September 30, 2023 March 31, 2024, including accounts payable and accrued expenses as detailed at Note 8 7 of the Notes to the unaudited condensed consolidated financial statements included in Part I, Item 1, “Financial Statements”.

Our primary sources of funding include operating cash flows, available borrowing capacity under the 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.

Off-Balance Sheet Arrangements

There have been no material changes to the Off-Balance Sheet Arrangements discussion previously disclosed in our audited consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

We have exposure to interest rate risk mainly related to our Credit Facility, which has variable interest rates that may increase. We had $83.0 $121.0 million of short-term borrowings outstanding on the Credit Facility and $39.1 million $42.5 million of outstanding letters of credit under the Credit Facility at September 30, 2023March 31, 2024. Interest rates on the outstanding principal amount of the 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 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 September 30, 2023March 31, 2024 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 $0.8 $1.2 million negative impact on our pre-tax earnings.

Item 4. Controls and Procedures.

(a) Evaluation of disclosure controls and procedures

The Company's management, under the supervision and with the participation of 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 Rule 13a-15(e) of the Exchange Act as of September 30, 2023 March 31, 2024. Based upon this evaluation, the Company’s principal executive officer and principal financial officer concluded that, to the extent of the material weaknesses identified in internal control over financial reporting as described in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, such disclosure controls and procedures were not effective to provide reasonable assurance that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms and accumulated and communicated to the Company’s management, including its principal executive and financial officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

In light of the material weaknesses described in the Company’s Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023, management performed additional analysis and other procedures to ensure that our unaudited condensed consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles (GAAP). Accordingly, management believes that the unaudited condensed consolidated financial statements included in this Quarterly Report on Form 10-Q 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.

(b) Changes in internal control over financial reporting

We, with the oversight of the Audit Committee of the Board of Directors, are in the process of ongoing remediation efforts related to the material weaknesses previously reported in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023.

During the nine three months ended September 30, 2023 March 31, 2024, our management continued updating certain internal controls and supporting processes to address the material weaknesses in our internal control over financial reporting at the Company's PCS segment as described in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023. The remediation plan put into place by management includes working with our independent third-party internal control specialist, to lead the remediation efforts as well as the addition of resources within the organization to improve structure and help mitigate risks previously identified. The approach to the remediation plan is uniform and enterprise-wide to eliminate future enterprise risk and strengthen the Company's overall internal control over financial reporting. Key focus areas have been identified as general information technology control (GITC) deficiencies, payroll controls, revenue process namely change management controls and risk assessment related to changes logical access controls, and business acquisitions. process-level controls activities in the Company's revenue processes and payroll processes within the PCS segment.

To that effect, the Company has:

- Designed and implemented a new suite of internal controls with appropriate authorities around the payroll process at the NEMT and Corporate and Other segments.

- Continued to execute Performed our enhanced risk assessment process in accordance with Sarbanes-Oxley ("SOX") governance protocols established during 2023 to identify and assess changes in our the Company's internal control environment, specifically related to new information technology ("IT") IT systems and newly acquired companies. designed and implemented processes at our PCS segment;

- Implemented a new revenue and billing system at one of our PCS business units and continued to make progress on the implementation of a new payroll system at one of our PCS business units;

- Continued to design, enhance and implement, GITCs, including change management the efforts with respect to which are ongoing, process-level control activities in revenue and logical access controls, 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. payroll.

The Company is focused Company's management continues to focus on projects that address processes automate, standardize, and technologies centralize the Company's control environment as it continues to integrate each of the business segments into One ModivCare and standardize our control environment. Given the nature and complexity of the integration, management expects that the test of operating effectiveness of remediation will extend into 2024 for the PCS segment. Management believes that the remediation measures described above will address the material weaknesses 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 weakness weaknesses will not be considered remediated until the remediation plan has been implemented and there has been appropriate remediated controls have operated for a sufficient amount of time for us to conclude, through testing, that the controls are designed and operating effectively. Management will continue to monitor the progress of these efforts to ensure remediation.

(c) Limitations on the effectiveness of controls

Because of its inherent limitations, internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation and presentation. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected. 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. The Company conducts periodic evaluations of its internal controls to enhance, where necessary, its procedures and controls.

PART II—OTHER INFORMATION

Item 1. 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 us 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. Interested parties should refer to Note 13, 12, *Commitments and Contingencies*, in this report for information concerning other potential contingent liabilities matters that do not rise to the level of materiality for purposes of disclosure hereunder.

Item 1A. Risk Factors.

The risks described under the caption “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 (the “Annual Report”) could materially and adversely affect our business, financial condition, and results of operations, and could cause the trading price of our common stock to decline. The discussion of the risks included under that caption in our Annual Report remains current in all material respects, and there have been no material changes from the risk factors disclosed in the Annual Report. The risk factors that we have discussed do not identify all risks that we face; our operations could also be affected by factors that are not presently known to us or that we currently consider to be immaterial to our operations. Due to risks and uncertainties, known and unknown, our past financial results may not be a reliable indicator of future performance and historical trends should not be used to anticipate results or trends in future periods.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

During the three months ended September 30, 2023 March 31, 2024, none of our officers or directors adopted or terminated any contract, instruction or written plan for the purchase or sale of our securities that was intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) or any “non-Rule 10b5-1 trading arrangement.”

Item 6. Exhibits.

EXHIBIT INDEX

Exhibit Number	Description
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	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).
4.2	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*	Offer Letter, dated July 31, 2023, by and between the registrant and Barbara Gutierrez. Form of 2024 Performance Restricted Stock-Unit Agreement
10.2	Amendment No. 2, dated as of February 22, 2024, to Credit Agreement, dated as of February 3, 2022, among ModivCare Inc., 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 10.1 to the registrant’s current report on Form 8-K filed with the SEC on February 22, 2024).
31.1*	Certification pursuant to Securities Exchange Act Rules 13a-14 and 15d-14 of the Chief Executive Officer.
31.2*	Certification pursuant to Securities Exchange Act Rules 13a-14 and 15d-14 of the Chief Financial Officer.
32.1**	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of the Chief Executive Officer.
32.2**	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of the Chief Financial Officer.
101.INS*	Inline XBR Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	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)

* Filed herewith.

** Furnished herewith.

SIGNATURES

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

ModivCare Inc.

Date: November 2, 2023 May 2, 2024	By:	/s/ L. Heath Sampson
		L. Heath Sampson
		Chief Executive Officer
		(Principal Executive Officer)
Date: November 2, 2023 May 2, 2024	By:	/s/ Barbara Gutierrez
		Barbara Gutierrez
		Chief Financial Officer
		(Principal Financial Officer)

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July 31, 2023 Barbara K. Gutierrez Littleton, CO Dear Barbara, It gives me great pleasure

PERFORMANCE RESTRICTED STOCK UNIT AGREEMENT

To: %%FIRST_NAME _MIDDLE_NAME_LAST_NAME%-%

You are hereby awarded, effective as of the Date of Grant, performance restricted stock units (each a “PRSU” and collectively the “PRSUs”) representing the right to offer you receive shares of common stock, $.001 par value (“Common Stock”), of Modivcare Inc., a Delaware corporation (the “Company”), pursuant to the Chief Financial Officer position with Modivcare. Company’s 2006 Long-Term Incentive Plan, as amended from time to time (the “Plan”), subject to the terms and conditions specified below in this Performance Restricted Stock Unit Agreement (“Agreement”). Capitalized terms used but not defined in this Agreement shall have the meanings ascribed to such terms in the Plan.

Effective Date of Grant: %%OPTION_DATE,'MONTH DD, YYYY'%-%

Total of Shares Granted: %%TOTAL_SHARES_GRANTED,'999,999,999'%-

In addition to confirming our the terms, conditions, and restrictions set forth in the Plan, the following terms, conditions, and restrictions apply to the PRSUs:

Restrictions and Forfeiture

The PRSUs are not transferable or assignable, whether in full or in part. This includes any direct or indirect attempts to offer, sell, pledge, assign, or otherwise dispose of them, except in cases of transfer through a will or by the laws of descent and distribution upon the individual's death. Any such unauthorized transfer is considered void. Such shares, once vested, are subject to the Company’s applicable anti-hedging and anti-pledging policies. All awards are subject to Modivcare’s clawback policies.

Upon termination of your Continuous Service (as defined below) for any reason, unvested PRSUs will be immediately forfeited.

Subject to the restrictions set forth in the Plan, the Administrator shall have the authority, in its discretion, to accelerate the vesting schedule applicable to your PRSUs whenever the Administrator may determine that such action is appropriate by reason of changes in applicable tax or other laws, or other changes in circumstances occurring after the Date of Grant, provided no acceleration will be permitted if it would cause the PRSUs issued under this Agreement to not comply with the requirements of Section 409A (as defined below).

Vesting	Provided you maintain your Continuous Service through December 31, 2026 (the “Vesting Period” and the day that is the end of the Vesting Period, the “Vesting Date”), your PRSUs will vest in accordance with your vesting schedule (i.e. three years after the grant date), following the three-year performance period, and you will be entitled to receive that number of shares of Common Stock of the Company, if any, determined by multiplying (i) the aggregate number of PRSUs subject to this Agreement by (ii) the payout percentage set forth in Schedule A for both EBITDA and rTSR (as defined below) amounts attained by the Company (the “Performance Target”), with the payout percentage determined by linear interpolation in the event that the actual achievement of the Performance Target falls between the thresholds and maximum payouts listed on Schedule A. In the event the cumulative rTSR is negative over the Measurement Period (as defined below), the rTSR payout percentage set forth in Schedule A will be capped at target. Any fractional shares of Common Stock that become payable will be rounded down to the nearest whole share. At the Administrator’s discretion, the Performance Target may be adjusted as necessary to reflect the financial impact of any acquisitions or divestitures made by the Company during the Vesting Period. Other than as provided below with respect to the Change in Control, in the event that (i) the minimum Performance Target set forth in Schedule A is not achieved, or (ii) your Continuous Service is terminated for any reason prior to the Vesting Date, you will not be entitled to receive any shares of Common Stock with respect to your PRSUs and the PRSUs will be forfeited and terminated in their entirety.
Settlement	As soon as reasonably practicable following the later of (i) filing of the Company’s 2026 annual report on Form 10-K, or (ii) the day following the Vesting Date, but in no event later than December 31, 2027, the Company shall issue to you (or your beneficiary, if applicable), in certificated or book entry form, the shares of Common Stock that you become entitled to receive hereunder, if any, subject to the satisfaction of any required tax withholding obligations and the other conditions described below. Upon the Vesting Date, your rights with respect of the PRSUs, as such, subject to this Agreement shall be extinguished and this Agreement shall thereafter represent only the right to receive the shares of Common Stock that you become entitled to receive hereunder, if any.

Change in Control

Notwithstanding the Plan or the foregoing, in the event of a Change in Control, the payout percentage with respect to your PRSUs shall be calculated using the Actual Performance for rTSR and EBITDA as estimated at the time of the Change of Control.

Furthermore, in the event of a Change in Control, your PRSUs shall entitle you to receive the same form and amount of consideration that you would have received in connection with the Change in Control transaction had you received immediately prior thereto the shares of Common Stock of the Company to which you would have been entitled for your PRSUs as determined in the preceding paragraph (without giving effect to any deferred payment arrangements contemplated in the Change in Control transaction (e.g., earn-out or contingent value rights to which such consideration may be subject shall not be given effect and the consideration subject to any such rights shall be deemed paid instead on the closing date of the Change in Control for all purposes hereunder)), and your PRSUs shall remain subject to the Vesting Period; provided, however, that notwithstanding the Vesting Period, you may become fully vested in your PRSUs on account of a Change in Control Termination (as defined below).

Within thirty (30) business days following any Change in Control Vesting Date (as defined below), you will be issued the shares of Common Stock or other consideration to which you are entitled with respect to your PRSUs, if any, subject to the satisfaction of any required tax withholding obligations and the other conditions described below. Upon such settlement, your rights with respect to the PRSUs, as such, subject to this Agreement shall be extinguished and this Agreement shall thereafter represent only the right to receive the shares of Common Stock or other consideration that you become entitled to receive hereunder, if any.

Definitions

For all purposes of this Agreement:

(i) “Beginning Stock Price” means the average of the closing prices of the Common Stock for the 20 trading days ending on the trading date immediately preceding the first day of the Measurement Period.

(ii) “Cause” means your (A) conviction of a felony or a crime involving fraud or moral turpitude, (B) theft, material act of dishonesty or fraud, intentional falsification of any employment or Company (or a successor entity’s) records, or commission of any criminal act which impairs your ability to perform appropriate employment duties for the Company (or a successor entity), (C) intentional or reckless conduct or gross negligence materially harmful to the Company (or a successor entity), including violation of a non-competition or confidentiality agreement, (D) willful failure to follow lawful instructions of the person or body to which you report, or (E) gross negligence or willful misconduct in the performance of your assigned duties.

“Cause” shall not include mere unsatisfactory performance in the achievement of your job objectives. For purposes of this definition, conduct shall not be considered “willful” unless done, or omitted to be done, not in good faith and without a reasonable belief that the conduct (or lack thereof) was in the best interests of the Company (or a successor entity).

Notwithstanding the foregoing, if a cure of the circumstances constituting Cause is reasonably possible in the circumstances, a termination shall not be deemed to be for Cause unless (X) the Company (or a successor entity) notifies you in writing of the circumstances constituting Cause, and (Y) you do not reasonably cure such circumstances within 15 days after such notice is provided; provided that the Company (or a successor entity) shall not be required to give you multiple notices of the same or substantially similar circumstances.

(iii) “Change in Control Termination” means a termination of your Continuous Service beginning 30 days prior to or any time after a Change in Control and prior to the end of the Vesting Period (A) by the successor or surviving entity in the Change in Control transaction without Cause, (B) on account of your death or Disability, or (C) by you for Good Reason. The date of your Change in Control Termination, if any, shall be deemed a “Change in Control Vesting Date.”

(iv) “Continuous Service” means the absence of any interruption or termination of your service as an Employee of the Company or any Affiliate. If you are an Employee of an Affiliate of the Company, your Continuous Service shall be deemed to have terminated on the date the Affiliate to which you are an Employee ceases to be an Affiliate of the Company, unless on that date you become an Employee of the Company or another Affiliate of the Company. Service shall not be considered interrupted in the case of sick leave, military leave or any other leave of absence approved by the Company or any then Affiliate of the Company. Your Continuous Service shall not be deemed to have terminated if you are transferred from the Company to an Affiliate of the Company, or vice versa, or from one Company Affiliate to another Company Affiliate.

In the event of a Change in Control, your “Continuous Service” thereafter shall be determined in the same manner as described above, except with reference to the successor or surviving entity in the Change in Control transaction and its affiliates.

(v) “Dividends” means sum of money paid regularly to its shareholders out of its profits or reserves. Dividends are assumed reinvested for rTSR purposes.

(vi) “Ending Stock Price” means the average of the closing prices of the Common Stock for the 20 trading days up to and including (if a trading day), the last day of the Measurement Period.

(vii) “Good Reason” means your voluntary termination of Continuous Service, upon 60 days prior written notice to the Company (or a successor entity) promptly following (A) a material reduction of your base compensation other than a reduction which is generally applicable to all senior leaders of the Company and its Affiliates (or a successor entity), or (B) your refusal to relocate to another Company facility or location more than 50 miles from the Company location where you are currently assigned to work.

Notwithstanding the foregoing, your resignation shall not be deemed to be for Good Reason unless (X) you notify the Company (or a successor entity) in writing within 30 days of the occurrence of the event constituting Good Reason and your intention to resign for Good Reason, (Y) the Company (or a successor entity) does not reasonably cure such event within 30 days after such notice is provided, and (Z) the resignation occurs within 120 days following the expiration of such cure period. In no event will an event constitute Good Reason unless such event would constitute Good Reason pursuant to Section 1.409A-1(n)(2) of the Treasury Regulations.

(viii) “Measurement Period” means the period from January 1, 2024, through December 31, 2026.

(ix) “Peer Group” means the companies that comprise the S&P Healthcare Services Select Index, but excluding such companies that are components of the S&P 500 (currently 44 companies). The companies in the “Peer Group” shall be further adjusted as follows:

Acquired companies and companies which enter a merger and are not the surviving entity shall be removed from the Peer Group for the entire Measurement Period.

Companies which file bankruptcy during the Measurement Period shall be deemed to have a Total Shareholder Return of -100% (the lowest ranking), irrespective of whether they emerge prior to the end of the Measurement Period.

Any company which conducts a major spin-off will be kept in the Peer Group, but the spin-off entity will not be included.

(x) “rTSR” or “Relative Total Shareholder Return” means the Company’s Total Shareholder Return compared to the Peer Group’s Total Shareholder Return on a relative basis.

(xi) “Total Shareholder Return” means the difference, expressed as a percentage, of the quotient of (A) (I) the applicable Ending Stock Price minus (II) (1) the Beginning Stock Price plus (2) Dividends, divided by (B) the applicable Beginning Stock Price.

Additional Conditions to Settlement	Upon settlement of your vested PRSUs prior to a Change in Control, the Company will transfer any shares of Common Stock to be issued to you hereunder as described above, either in book entry form or by share certificate. You will not receive the shares of Common Stock unless and until all of the following events occur and during the following periods of time: (i) Until the shares of Common Stock are approved, registered and listed with such federal, state, local and foreign regulatory bodies or agencies and securities exchanges as the Company may deem necessary or desirable, or the Company deems such shares to be exempted therefrom; (ii) During any period of time which the Company deems that the issuance of the shares of Common Stock may violate a federal, state, local, or foreign law, rule or regulation, or any applicable securities exchange or listing rule or agreement, or may cause the Company to be legally obligated to issue or sell more shares than the Company is legally entitled to issue or sell; or (iii) Until you have paid or made suitable arrangements to pay (which may include payment through the surrender of Common Stock) (A) all federal, state, local and foreign tax withholding required by the Company in connection with the issuance or the vesting and settlement of the PRSUs and (B) your employee's portion of other federal, state, local and foreign payroll and other taxes due in connection with the issuance or the vesting and settlement of the PRSUs. In the event you have not paid or made suitable arrangements to pay all such required withholding amounts within 10 days following the Vesting Date (of if earlier, the Change in Control Vesting Date), your right to all such shares of Common Stock hereunder will be forfeited.
Dividend Equivalents and Voting	In the event that the Company pays a cash dividend with respect to shares of Common Stock following both the Date of Grant and the date on which the minimum threshold Performance Target is achieved (and prior to the Vesting Date or Change in Control Vesting Date), an amount equal to such per-share dividend paid following the date on which the minimum threshold Performance Target is achieved shall be credited to your account with respect to the number of PRSUs equal to the payout percentage for the Performance Target threshold amount that has been satisfied immediately prior to the applicable ex-dividend date, if any. The amount so credited shall be deferred (without interest) until the vesting and settlement of such related PRSUs and shall be forfeited upon the forfeiture of such related PRSUs prior to vesting and settlement. The Administrator may, in its discretion, determine, in connection with any such crediting, whether such crediting will be in cash, additional PRSUs or other notional instrument; provided that in the absence of any such determination, such crediting will be in cash. You will not have any voting rights with respect to any PRSUs.
Clawback	The PRSUs and all proceeds therefrom are subject to the Company's clawback rights under Section 6(a)(7) of the Plan.

Tax Withholdings	You will incur taxes on the PRSUs once they become vested and are settled through the issuance of shares of Common Stock (or cash or other consideration in the case of a Change in Control, as applicable). It is your responsibility to make arrangements for covering the taxes associated with this income. Options for fulfilling tax obligations include, at your discretion, surrendering shares of Common Stock or other consideration that would have been issued to you upon the vesting and settlement of the PRSUs. The fair market value of the surrendered shares of Common Stock, determined as of the date when taxes would have been withheld, will be applied as a credit against the withholding taxes.
Beneficiary Designation	You may from time to time name any beneficiary or beneficiaries by whom any right under this Agreement is to be exercised and to whom any amount payable under this Agreement is to be made in the event of your death. Each designation will revoke all prior designations, shall be in a form reasonably prescribed by the Administrator and shall be effective only when filed by you in writing with the Company during your lifetime. If no beneficiary designation is in effect at the time of your death, if no designated beneficiary survives you, or if such designation conflicts with applicable law, your estate shall be considered your beneficiary.
Representation	You hereby agree, warrant and represent that you will acquire the shares of Common Stock to be issued hereunder for your own account for investment purposes only, and not with a view to, or in connection with, any resale or other distribution of any of such shares, except as hereafter permitted. You further agree to not at any time make any offer, sale, transfer, pledge or other disposition (including with respect to any settlement of any hedging transaction) of such shares to be issued hereunder without an effective registration statement under the Securities Act of 1933, as amended, and under any applicable state securities laws or an opinion of counsel acceptable to the Company to the effect that the proposed transaction will be exempt from such registration. You shall execute such instruments, representations, acknowledgements and agreements as the Company may, in its sole discretion, deem advisable to avoid any violation of federal, state, local or foreign law, rule or regulation, or any securities exchange rule or listing agreement. The sole purpose of the agreements, warranties and representations set forth in the immediately preceding paragraph is to prevent violations of the Securities Act of 1933, as amended, and any applicable state securities laws.
Stock Dividend, Stock Split and Similar Capital Changes	In the event of any change in the outstanding shares of the Common Stock of the Company by reason of a stock dividend, stock split, combination of shares, recapitalization, merger, consolidation, transfer of assets, conversion or what the Administrator deems in its sole discretion to be similar circumstances, the number and kind of shares subject to this Agreement shall be appropriately adjusted in a manner to be determined in the sole discretion of the Administrator, whose decision shall be final, binding and conclusive in the absence of clear and convincing evidence of bad faith.

No Effect on Status as an Employee	**Nothing herein guarantees your status as an Employee for any specified period of time. You recognize that, for instance, you may terminate your Continuous Service or the Company or any of its Affiliates or any successors thereto may terminate your Continuous Service prior to the date on which your PRSUs become vested**
No Effect on Corporate Authorit	You understand and agree that the existence of this Agreement will not affect in any way the right or power of the Company or its shareholders to make or authorize any or all adjustments, recapitalizations, reorganizations, or other changes in the Company's capital structure or its business, or any merger or consolidation of the Company, or any issuance of bonds, debentures, preferred or other stocks with preference ahead of or convertible into, or otherwise affecting the Common Stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of its assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.
Arbitration	Any dispute or disagreement between you and the Company with respect to any portion of this Agreement or its validity, construction, meaning, performance or your rights hereunder shall be settled by arbitration, at a location designated by the Company, in accordance with the Commercial Arbitration Rules of the American Arbitration Association or its successor, as amended from time to time. However, prior to submission to arbitration you agree you will attempt to resolve any disputes or disagreements with the Company over this Agreement amicably and informally, in good faith, for a period not to exceed two weeks. Thereafter, the dispute or disagreement will be submitted to arbitration. At any time prior to a decision from the arbitrator(s) being rendered, you and the Company may resolve the dispute by settlement. You and the Company shall equally share the costs charged by the American Arbitration Association or its successor, but you and the Company shall otherwise be solely responsible for your own respective counsel fees and expenses. The decision of the arbitrator(s) shall be made in writing, setting forth the award, the reasons for the decision and award and shall be binding and conclusive on you and the Further, neither you nor the Company shall appeal any such award. Judgment of a court of competent jurisdiction may be entered upon the award and may be enforced as such in accordance with the provisions of the award.
Governing La	The laws of the State of Delaware will govern all matters relating to this Agreement, without regard to the principles of conflict of laws.
Notices	Any notice you give to the Company must be in writing and either hand-delivered or mailed to the office of the General Counsel of the Company. If mailed, it should be addressed to the General Counsel of the Company at its then main headquarters. Any notice given to you will be addressed to you at your address as reflected on the personnel records of the Company. You and the Company may change the address for notice by like notice to the other. Notice will be deemed to have been duly delivered when hand-delivered or, if mailed, on the day such notice is postmarked.
Conflicting Term	Wherever a conflict may arise between the terms of this Agreement and the terms of the Plan, the terms of the Plan will control.

Code Section 409A	Your PRSUs are intended to be exempt from, or comply with, the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations and guidance promulgated thereunder to the extent applicable (collectively, "Section 409A") so that none of the payments or benefits hereunder will be subject to the additional tax imposed under Section 409A, and any ambiguities will be interpreted in accordance with this intent. If at the time of your termination of Continuous Service, you are a "specified employee," as determined by the Company under Treasury regulation Section 1.409A-1(i), in the event any amounts payable under this Agreement as a result of the termination of your Continuous Service constitute deferred compensation subject to Section 409A, as determined by the Administrator in its sole discretion, and would (but for this provision) be payable within six (6) months following the date of your termination of Continuous Service, such amounts shall instead be paid on the next business day following the expiration of such six (6) month period or, if earlier, upon your death. Notwithstanding anything in this Agreement to the contrary, any compensation or benefits payable under this Agreement that are designated under this Agreement as payable upon your termination of Continuous Service shall be payable only upon your "separation from service" within the meaning of Section 409A. The Administrator reserves the right to amend the terms hereunder as it considers necessary or advisable, in its sole discretion and without your consent, to comply with any provision required to avoid the imposition of the additional tax imposed under Section 409A or to otherwise avoid income recognition under Section 409A prior to the actual payment of any benefits or imposition of any additional tax. Notwithstanding the foregoing, none of the Company, the Administrator, any Affiliate or any other person represents or guarantees that any particular federal, state or local tax consequences shall occur as a result of this Agreement and none of the Company, the Administrator, or any Affiliate shall have any liability to you or your beneficiaries for any failure to comply with Section 409A. You are encouraged to consult with your own advisors regarding the tax consequences of the PRSUs.
Successor and Assigns	Subject to applicable securities laws, the PRSUs and the rights and obligations evidenced hereby shall inure to the benefit of and be binding upon the successors and permitted assigns of the Company and any Affiliate and your successors and permitted assigns. The provisions of the PRSUs are intended to be for your benefit and shall be enforceable by you.

[*Signature page follows*]

Please sign the copy of this letter will detail Performance Restricted Stock Unit Agreement and return it to the Company's Secretary, thereby indicating your understanding of and agreement with its terms and conditions.

MODIVCARE INC.

By:

Name: Jennifer Jaskolka

Title: VP, Deputy General Counsel

ACKNOWLEDGEMENT

I hereby acknowledge receipt of a copy of the Plan. I hereby represent that I have read and understood the terms and conditions of your employment the Plan 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 on September 5, 2023, or such earlier date as may be mutually agreed. In your role you will report to Heath Sampson and will have responsibilities commensurate with your position/title. You will be based in Denver, CO 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 (STIP): You are eligible to participate in our Short-Term Incentive Plan (STIP) with a target of 100% of your base pay, calculated on your eligible earnings for the calendar year as defined in the STIP document. The Compensation Committee of the Board Performance Restricted Stock Unit Agreement. I hereby signify my understanding of, Directors holds the ultimate discretion to make determinations with respect to the STIP, including funding of the STIP for any given year as well as the satisfaction by executives of their individual performance targets. Long-Term Incentive Program (LTIP): Subject to approval by the Compensation Committee of the Board of Directors, you will be eligible to receive an equity award with a target value equal to 150% of your base salary. Additional details will be provided in one or more separate agreements, 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. 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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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 on the first day 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 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). 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 twelve-month period as detailed in the

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Company's severance policy for executive leaders adopted by our Board of Directors, after delivering to Modivcare a unilateral general release of claims 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 terms of Modivcare's Non-Solicitation and Confidentiality Agreement. 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 your home address. Non-Solicitation and Confidentiality 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 Non-Solicitation and Confidentiality Agreement. At the termination of your employment, you will be reminded of your continuing duties under both agreements. Please read the agreements carefully. 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 shall remain in full force and effect to the fullest extent not prohibited by law. You and the firm hereby agree that the court or arbitrator making any such determination shall modify and reform any parts of this letter determined to be invalid or unenforceable, to the extent 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.

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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 any ambiguities or ambiguous terms herein will be interpreted in that manner. Entire Agreement: This offer letter and the Non-Solicitation and Confidentiality 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 of this offer of employment, please acknowledge your my set forth in this letter by signing in and conditions of designated space below. A copy Plan and this letter agreement is enclosed for your records. We are excited about opportunity Performance Restricted Stock Unit Agreement. I agree work accept as binding, conclusive, and final all decisions or interpretations of the Administrator concerning any questions arising under the Plan you and look forward to hearing your positive response respect letter Performance Restricted Stock Unit Agreement. I accept this Performance Restricted Stock Unit Agreement in full satisfaction of any previous written or verbal promise made to me Wednesday, August 2, 2023. If you agree the Company or any of its Affiliates the terms of this offer of employment, please electronically sign this letter using the link in the email that sent this letter. Sincerely, Heath Sampson Chief Executive Officer Modivcare Enclosures: Benefits Booklet & Vacation Policy Cc: File ACCEPTED AND AGREED: respect to stock grants.

PARTICIPANT:

By: %%FIRST_NAME_MIDDLE_NAME_LAST_NAME%-%
Address: %%ADDRESS_LINE_1%-%
%%CITY_STATE_ZIPCODE%-%

<u>Schedule A</u>

Performance Target Split

a2024prsu.jpg

Exhibit 31.1

CERTIFICATIONS

I, L. Heath Sampson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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 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: November 2, 2023 May 2, 2024

/s/ L. Heath Sampson

L. Heath Sampson
Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Barbara Gutierrez, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q 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 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: November 2, 2023 May 2, 2024

/s/ Barbara Gutierrez

Barbara Gutierrez
Chief Financial Officer
(Principal Financial 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. ("ModivCare" or the "Company") does hereby certify with respect to the Quarterly Report of the Company on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024 (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: November 2, 2023 May 2, 2024

/s/ L. Heath Sampson

L. Heath Sampson
Chief Executive Officer
(Principal Executive 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. ("ModivCare" or the "Company") does hereby certify with respect to the Quarterly Report of the Company on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024 (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: November 2, 2023 May 2, 2024

/s/ Barbara Gutierrez

Barbara Gutierrez
Chief Financial Officer
(Principal Financial Officer)

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